

City of Pacific Grove California

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021



Page Intentionally Left Blank



City of Pacific Grove, California

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021



Prepared by the Finance Department

Tori Hannah, Administrative Services Director/Assistant City Manager

Mary Lagasca, Deputy Finance Director

*Audrey Cray, Lori Frati, Merrill Olinger, Jennifer Pope, Debbie Keim, Stacy Matthews
and*

Chavan and Associates, LLP

Page Intentionally Left Blank

CITY OF PACIFIC GROVE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

INTRODUCTORY SECTION

Transmittal Letter	1
Principal Officials	12
Organizational Chart.....	13
Location Map	14
GFOA Certificate	15

FINANCIAL SECTION

Independent Auditor's Report	19
Management's Discussion and Analysis (Required Supplementary Information)	24
Basic Financial Statements:	

Government-Wide Financial Statements:

Statement of Net Position	43
Statement of Activities.....	44

Fund Financial Statements

Governmental Funds:

Balance Sheet	45
Reconciliation of the Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Position	46
Statement of Revenues, Expenditures and Changes in Fund Balances	47
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities	48

Proprietary Funds:

Statement of Net Position	49
Statement of Revenues, Expenses, and Changes in Fund Net Position	50
Statement of Cash Flows.....	51

Notes to the Basic Financial Statements	52
---	----

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual (GAAP Basis):

General Fund	87
Housing Fund	88
CDBG Grant Fund	89
Schedule of Pension Contributions.....	90
Schedule of Proportionate Share of Net Pension Liability	91
Schedule of Total OPEB Liability	92

CITY OF PACIFIC GROVE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual (GAAP Basis):

Capital Improvement Projects Fund	95
---	----

Combining Nonmajor Governmental Funds:

Combining Balance Sheet	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	99

Combining Special Revenue Funds:

Combining Balance Sheet	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	109

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual (GAAP Basis):

Carillion Fund	116
Environmental Enhancement Fund	117
State Franchise PEG	118
Library Building & Equipment Fund	119
Museum Improvement Fund	120
Downtown Business District Fund	121
Hospitality Improvement District Fund	122
Library Book Fund	123
Fire Emergency Equipment Fund	124
Local Streets and Roads Fund	125
Gas Tax Fund	126
Chautauqua Hall Fund	127
Lighthouse Maintenance & Improvements Fund	128
Senior Housing Fund	129
CalHome Reuse Fund	130
Small Business Grants Fund	131
Poetry Promotion Fund	132
Yount Income Fund	133
Public Safety Augmentation Fund	134
Supplemental Law Enforcement Fund	135
Vehicle Abandonment Fund	136
Strong Fund Disbursements	137
Housing Fund	138
Coastal Conservancy Grant Fund	139
Corona Virus Relief Fund	140
Operating Grants Fund	141
RMRA Fund	142
McIndoo Donation Fund	143
General Plan Maintenance Fee Fund	144

CITY OF PACIFIC GROVE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

Combining Permanent Funds:

Combining Balance Sheet	146
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	147
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis):	
Library Endowment Fund	148
Cemetery Endowment Fund	149
Yount Trust Fund	150

Combining Internal Service Funds:

Combining Statement of Net Position	152
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	153
Combining Statement of Cash Flows.....	154

STATISTICAL SECTION

Net Position by Component.....	158
Changes in Net Position.....	160
Fund Balances of Governmental Funds.....	164
Changes in Fund Balances of Governmental Funds.....	166
General Governmental Tax Revenues by Source.....	168
General Fund Tax Revenues by Source.....	169
Net Assessed Value of Taxable Property	170
Direct and Overlapping Property Tax Rates.....	171
Principal Property Tax Owners	172
Property Tax Levies and Collections	173
Ratios of Outstanding Debt by Type.....	174
Ratios of General Bonded Debt Outstanding.....	176
Computation of Direct and Overlapping Debt.....	177
Legal Debt Margin Information.....	178
Pledged Revenue Coverage	180
Demographic and Economic Statistics	182
Principal Employers.....	183
Number of City Employees by Department.....	184
Operating Indicators by Function	185
Capital Asset Statistics by Function	186

OTHER INDEPENDENT AUDITOR REPORTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	188
---	-----

This page is intentionally blank



TRANSMITTAL LETTER

This page is intentionally blank



CITY OF PACIFIC GROVE
300 Forest Avenue
Pacific Grove, California 93950
Telephone (831) 648-3100 • Fax (831) 375-9863

December 31, 2021

Honorable Mayor,
Members of the City Council, and
Citizens of Pacific Grove

SUBJECT: Annual Comprehensive Financial Report – June 30, 2021

The Annual Comprehensive Financial Report (ACFR) for the City of Pacific Grove for the fiscal year ended June 30, 2021 is hereby submitted.

REPORT PURPOSE AND ORGANIZATION

State law requires that the accounts and fiscal affairs of all municipal entities are to be examined annually by an independent certified public accountant. The City's independent auditor, Chavan and Associates, LLP has audited the City's financial statements and issued an unmodified opinion that the financial statements for the year ended June 30, 2021, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). This opinion, along with the basic financial statements, are hereby submitted as the ACFR for the City of Pacific Grove for the fiscal year ended June 30, 2021. The information included in the financial section of this report fulfills the above requirement.

The independent audit of the financial statements is also typically conducted in conjunction with the federally mandated Single Audit. The standards governing the Single Audit require the independent auditor to report on items beyond fair presentation of the financial statements, including internal controls and compliance with legal requirements involving the administration of federal awards. A single audit was not required or prepared in Fiscal Year 20/21 because the City had less than \$750,000 in federal grant expenditures.

This report consists of City management's representations concerning the finances of the City of Pacific Grove. Consequently, management assumes full responsibility for completeness, accuracy of data, and fairness of presentation, including all footnotes and disclosures. Management believes the data presented is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City. To provide a reasonable basis for making these representations, City management has established a comprehensive framework of internal controls designed both to protect the City's assets from loss, theft, or misuse; and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not exceed their benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatements. The audit also provides users with reasonable assurance that the information presented is free from material

misstatements. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement the MD & A and should be read in conjunction with it. The City's MD & A can be found in the Financial Section of this document, immediately following the report of the independent auditor.

CITY OF PACIFIC GROVE PROFILE

The City of Pacific Grove is a small coastal community located in Monterey County that occupies just under three square miles, with a population of approximately 15,500 residents. The City is situated on a peninsula which is bordered by Monterey, Pebble Beach, the Pacific Ocean, and the Monterey Bay. The coastal city is renowned for its historic ambience, stunning views, and exceptional quality of life; with a resident deer population that frequently wanders the city streets and golf course. Pacific Grove has a captivating "turn of the century" look with over 1,300 registered historical homes and structures built between 1874 and 1926.

The City is home to numerous attractions, including the Point Pinos Lighthouse, the Monarch Butterfly Sanctuary, Asilomar State Beach and Conference Grounds; and picturesque Lovers Point Park and Beach. The Monterey Bay Coastal Recreation Trail and the Shoreline Park Network offer excellent opportunities for bicycling, walking, jogging, and whale watching. In addition to featuring a variety of shops and restaurants, the City is host to numerous events including Good Old Days, the Big Sur Half Marathon, Feast of Lanterns, and various auto shows.

Pacific Grove also offers an abundance of cultural and educational amenities with over 40 art venues. The local public school district includes schools that have been ranked as the highest on the Monterey Peninsula. Nearby colleges include Monterey Peninsula College, the Middlebury Institute of International Studies, California State University Monterey Bay, and the Hopkins Marine Station operated by Stanford University.

Form of Government

Pacific Grove is a Charter City which was incorporated in 1889. The City operates under the Council-City Manager form of government with a seven-member City Council elected by the citizens. The Mayor is directly elected to serve a two-year term and Council members are elected to alternating four-year terms. The Council has the authority to establish all laws and regulations with respect to municipal affairs, subject only to the limits of the City Municipal Code and State legislation.

The City Council appoints a City Manager to serve as the City's chief administrative officer. The City Manager provides direction and leadership to all City departments; and ensures that all City Council policies are implemented.

City Services

The City provides police protection, street, park and facility maintenance; recreational, planning, zoning, economic development, library, administrative, and financial services for Pacific Grove. Fire protection services are provided through a contract with the City of Monterey. Additional services include sewer operations, a municipal golf course, cemetery, and a local water reclamation facility.

The Annual Comprehensive Financial Report includes all financial activities of the City. Financial data for all funds through which services are provided by the City have been included in this report based on the criteria adopted by the Governmental Accounting Standards Board (GASB), which is the authoritative body establishing U.S. Generally Accepted Accounting Principles (GAAP) for local governments.

Budgetary Policy and Control

The City's budgetary records are maintained on a modified accrual basis. Revenues are recorded when measurable and available; and expenditures are recorded when goods or services are received, and the liability incurred. The City produces an annual budget, which serves as the foundation for the City of Pacific Grove's financial planning and control. Based on the Pacific Grove Budget and Financial Management Policy, the City is required to maintain a balanced operating budget; along with using one-time revenues to fund non-recurring expenditures. In the budget development process, the City Council and staff referenced the following goals as a basis for budget development:

- **Complete Streets:** Plan, design, and implement streets, sidewalks, and transportation networks that better allow access for all types of users.
- **Environmental Stewardship:** Adopt and develop policies and ordinances that preserve and protect the environment.
- **City Asset Stewardship:** Repair, maintain, and improve City assets, including streets, sidewalks, sewer systems, buildings, parks, and trails to better serve the community, anticipate future needs, and prevent further degradation.
- **Transparency, Accountability, and Communication:** Implement programs, processes, revisions, and training to improve and advance the City's efforts.
- **Financial Stability:** Develop a strategic plan to better address current and future City expenditures and revenue needs while continuing to provide high quality municipal service.
- **Increase Affordable Housing:** Determine policies, projects, and programs that will advance the effort to create new housing in the City.
- **Facilitate Local Business Recovery:** Review and revise existing policies and programs; and develop a strategic plan to better serve existing businesses while attracting new commerce to better stimulate the economy and revitalize commercial corridors, especially the downtown.

In accordance with the City's Budget and Financial Management Policy, the City Manager recommends the budget and presents it to the City Council in May. After public input and discussion is received, the City Council may request modifications to the budget or introduce an ordinance adopting the budget. The City's budget is then adopted by ordinance and becomes effective on July 1st of each fiscal year. Expenditures authorized in the final budget ordinance are appropriated at the Fund level, and in the case of the General Fund, at the department or program level. All amendments to the budget at these levels can only be approved by the City Council. The City Manager has the authority to transfer funds within a given fund and between department appropriations to ensure that programmatic budgets may adapt throughout the year to evolving circumstances.

All governmental, enterprise, and internal service funds are appropriated annually. The governmental funds include General, special revenue, capital project, and permanent funds.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment in which the City operates.

State and Local Economy

In Fiscal Year 19/20, the City, as well as the nation experienced unprecedented losses due to the pandemic. Various Federal and State relief packages were introduced to assist in stabilizing the economy. In Fiscal Year 20/21, there were signs of continuing economic improvement, with consumer optimism rising as vaccines became more readily available and public health restrictions were lessened. The Monterey Bay Aquarium, which is 20% within the City limits of Pacific Grove reopened in May 2021 after over a year of closure due to the pandemic. This reinstated one of the region's primary visitor draws. In addition, a major hotel and conference center within the City reopened in Fiscal Year 20/21. Most local restaurants responded to changing restrictions by adding outdoor dining areas and offering take-out or delivery options; however, restaurant and hospitality sales have not fully recovered. This could be attributed to the disproportional impact of COVID-19 restrictions on the industries, as well as shifting preferences related to resuming travel, entertainment, and dining activities.

The State's Economic Outlook that was updated on May 14, 2021 indicated that the consumption of consumer goods surpassed pre-recession levels in the third quarter of 2020, and continued to grow to 12.5% percent above the pre-recession peak by the first quarter of 2021 ⁽¹⁾. Construction and housing activities in California also remained fairly resilient, with the Economic Outlook attributing this growth to the purchasing power of higher-income households that were less financially impacted by the pandemic. This included the median homes sales price in California which reached a record high of \$758,990 in March 2021, which was 30.9% greater than the February 2020 level ⁽¹⁾. In Fiscal Year 20/21, these growth trends were also similar in Pacific Grove. Consumer goods became the largest contributor of sales tax revenue; and building and planning fees rose 59.4% or \$603,000 to reflect increased construction. The Monterey County Recorder's office also indicated that the median sales price for single family homes in Pacific Grove increased from \$950,000 to \$1.2 million or 30.4%, when compared to the prior year.

The State and local unemployment rates are also indicators of economic trends. Pacific Grove's annual unemployment rate increased from 5.1% to 8.6%, while during this same period the Monterey County and State unemployment rates were 10.8% and 10.1% respectively. Monthly unemployment rates are continuing to decline, with the November 2021 California Employment Development Department reporting the City and State unemployment rates at 4.3%, and 5.4%, respectively. While the unemployment rate is decreasing, some businesses within the area have indicated that they are having difficulties recruiting employees. Affordable housing continues to be a concern in Monterey County, with the annual per capita personal income in Pacific Grove at approximately \$51,200.

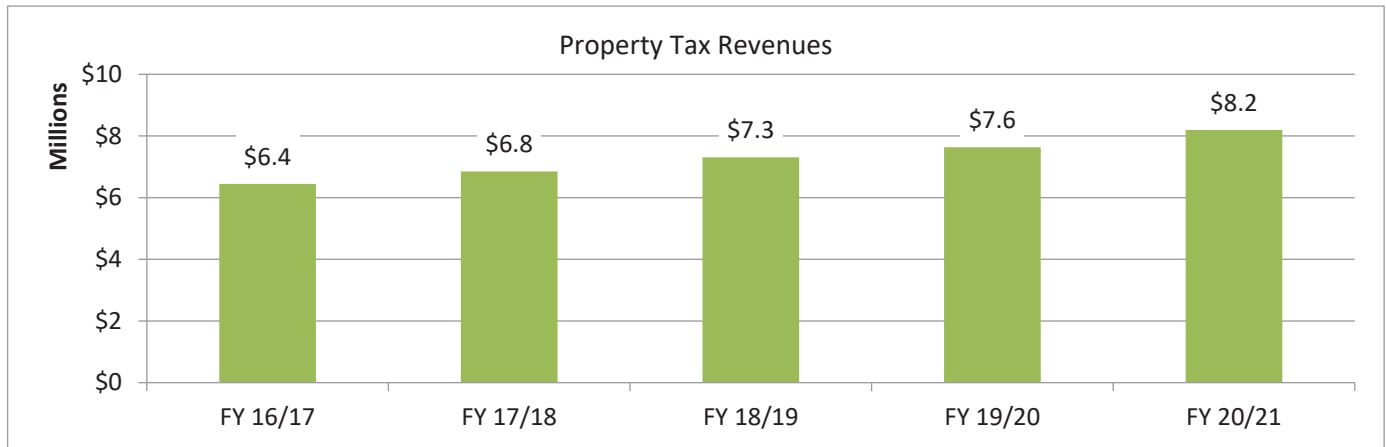
While there is conservative optimism for Fiscal Year 21/22, there is still an underlying concern related to COVID-19 variants, vaccine hesitancy, and their potential impact on the economy. In addition, disrupted supply chains, combined with increased consumer demand are contributing to rising inflation. While inflationary prices could yield higher revenues for the City, on-going expenditures could increase by a corresponding or greater amount.

The three major sources of General Fund revenue are Property Tax, TOT, and Sales Tax. These revenues are also indicative of the local economy. An overview of these three taxes which account for over 68% of the General Fund revenues are provided in the subsequent sections.

1. [State of California Fiscal Year 21/22 Budget, May Revision, May 14, 2021, Retrieved 12/28/2021](#)

Property Tax

Property tax is the City's largest source of revenue, representing approximately 35.1% of all General Fund revenues. This revenue source is fairly stable and does not respond quickly to changes in the economy. In Fiscal Year 20/21, property taxes generated \$8.2 million or 7.3%, which was \$559,000 greater than the prior year. This growth rate is also above the three-year average of 6.2%.



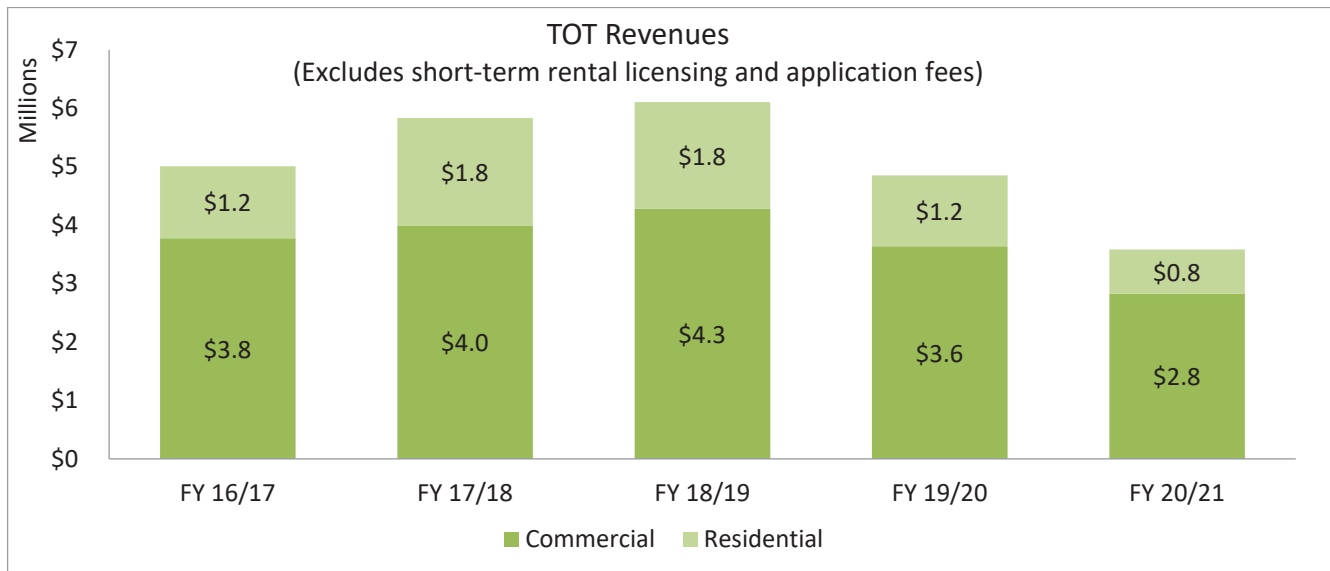
In Fiscal Year 21/22, the Monterey County Assessor's Office is projecting a property tax increase of 3.75%. This lower-than-average increase is related to the proposed revaluation of commercial properties. Additional property tax revenues are also anticipated to be generated from a new 37,000 square foot mixed-use building in the downtown area. The initial plans for this development include ten luxury condominiums on the second and third floors of the structure, two retail locations at ground level, and underground private parking. This project is anticipated to be completed in 2022.

Transient Occupancy Tax Revenues

The City of Pacific Grove's second major source of revenue is typically Transient Occupancy Tax (TOT). This tax became the third largest source in Fiscal Year 20/21 as a result of the pandemic. When combined with transient occupancy licenses of approximately \$80,000, the two related categories represent approximately 15.7% of General Fund revenues. The City's TOT revenues are generated from both commercial hotels and short-term residential rentals (STR's). In Fiscal Year 17/18, the City imposed density requirements on the number of short-term rentals. This reduced the number of short-term rentals from 254 to 197 in May of 2019, which may have partially contributed to the flattening of revenues. In November of 2018, 74.9% of voters approved Measure U, which allowed the City to increase the TOT rate from 10%-12%. At that same time, a successful citizen's initiative was also approved which would eliminate STR's outside of the Coastal and Commercial zones in May of 2020. This further decreased the number of STR's to just under 80 properties.

Transient occupancy tax receipts typically respond quickly to changes in economic conditions. Over the last two fiscal years, COVID-19 travel restrictions, pandemic concerns, and financial challenges have significantly impacted the local hospitality industry. In Fiscal Year 19/20, the reported TOT revenues yielded approximately \$4.9 million, which is 21% or approximately \$1.3 million less than the prior year. In Fiscal Year 20/21, commercial and short-term rental revenues further declined by \$811,000 or 22.3%; and \$457,000 or 37.7%, respectively. While the annual comparison appears to reflect a downward trend, monthly revenues continued to ramp-up over the year, with the exception of a brief interruption during the winter months. This set-back resulted from a rise in COVID-19 cases, which triggered a regional stay-at-home order that disallowed non-essential travel.

Due to the impact of COVID-19, the increase in TOT and any effect associated with the reduction in STR's is not clearly apparent in the subsequent chart.



In Fiscal Year 20/21, the City referenced a “ramp-up” analysis from the Monterey County Convention and Visitor’s Bureau (MCCVB) to assist with budget preparation. This data referenced leading travel publications, as well as estimated COVID-19 disruption curves for other countries. In Fiscal Year 20/21, revenues trended with a modified version of the “ramp-up” projections. This same approach was also used to estimate the \$4.7 million in TOT revenues that were included in the Fiscal Year 21/22 Adopted Budget.

Two new potential sources of TOT could be derived from the proposed Pacific Grove Hotel (formerly Hotel Durell Project); as well as a new hotel at the current American Tin Cannery (ATC) shopping and outlet center. In September of 2018, the Pacific Grove Hotel developer received approval for architectural and use permits to build a new 116-room hotel and conference center in the downtown area. In early Fiscal Year 19/20, planning processes were initiated to also review opportunities for a 225-room hotel at the current ATC site, which is located across the street from the oceanfront recreational trail. If efforts are successful, the Pacific Grove Hotel could be completed in 2023; and the ATC hotel project concluded in 2025. Staff will be monitoring the progress of the proposed development, as well as other trends to assist with long-term projections.

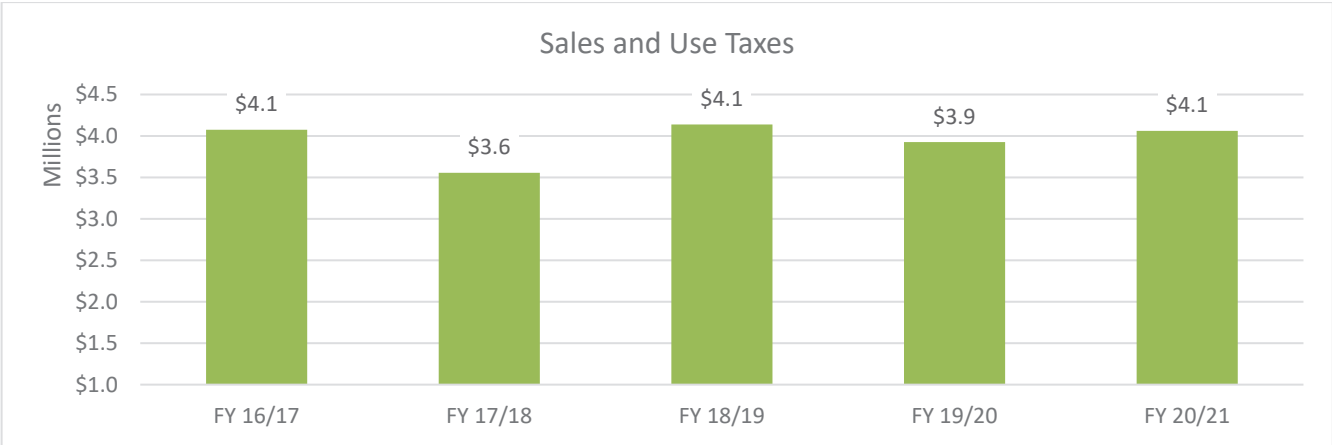
Sales and Use Tax Revenues

Sales and Use Tax revenues typically represent the third largest source of General Fund revenues. Due to the pandemic, it moved into the second position by generating 17.4% of all General Fund receipts. In Fiscal Year 20/21, the greatest share of sales and use tax was generated from the following segments: General Consumer Goods at 21%, Restaurants and hotels at 19.2%, and Building and Construction at 15.2%. This can be contrasted with the prior year when the Restaurants and Hotels category represented 27% of the sales tax revenues; and General Consumer Goods trailed at 17.8%. This trend is consistent with the reported declines in the leisure and hospitality sector, which have been partially offset by rising costs and a greater demand for consumer goods.

Although the following chart appears to indicate there was some revenue fluctuations between Fiscal Year 16/17 and Fiscal Year 18/19, there were some timing differences that contributed to the annual variances. In Fiscal Year 16/17, timing differences associated with recording a second quarter sales tax true-up and the final receipt of the triple flip revenues that were related to the prior year, inflated the Fiscal Year 16/17 revenues by approximately \$367,200. If this amount was adjusted for performance, it would be closer to \$3.7 million. In

Fiscal Year 17/18, the State of California implemented a new software reporting system. Due to taxpayer reporting challenges associated with the new system, along with the State requiring additional time to process returns, payments to cities were delayed until the next fiscal year. This reduced the City's Fiscal Year 17/18 revenues by approximately \$170,000 and increased Fiscal Year 18/19 receipts by that same amount. In Fiscal Year 19/20, sales tax revenues were trending strong, with annual receipts estimated at \$4.2 million. Due to the sudden decline in consumer spending at the onset of the pandemic, the actual revenues were \$3.9 million.

In the Fiscal Year 20/21 sales and use tax revenues performed better than projected at \$4.1 million, with increasingly strong performance in the fourth quarter. Major categories contributing to this increase included general consumer goods, building and construction materials, and vehicle sales. In Fiscal Year 21/22, sales tax revenues were initially projected to be \$4.1 million. This projection was based on economic trends at the time the budget was developed, as well as consultations with the City's sales tax consultant. This amount may be amended during the next fiscal year to reflect any continued growth.



Long-Term Financial Planning

The City's Budget and Financial Policy requires the City to use a five-year fiscal planning horizon, in which the annual budget is used as the first year of the forecast. This forecast assists in identifying important trends and understanding long-term consequences of budget decisions. In prior years, the City implemented several measures to maintain resiliency and respond to economic challenges, which included significantly reducing the workforce, deferring capital improvements, and implementing a strong reserve policy. Prior to the pandemic, economic growth continued, with the general fund using unassigned fund balance above the reserve levels to support one-time capital improvements. This prudent planning resulted in the State Auditor's website listing the City of Pacific as one of twenty-one Cities in California that would likely have sufficient reserves to help absorb COVID-19 revenue losses ².

The City's most recent five-year forecast was provided at a budget workshop in March 2021. An update to the forecast is planned at the first part of the calendar year. Additional details regarding some of the considerations, recommendations, and major initiatives are included in the subsequent and Relevant Financial Policy Sections of this Transmittal.

Major Initiatives

Reconsideration of a Revenue Measure to Support Fiscal Sustainability and Strategic Goals

In Fiscal Year 18/19, the City established a Financial Planning Subcommittee to review long-term fiscal plans. This included evaluating funding needs to support maintaining or increasing the City's Pavement Condition Index

2. [California State Auditor - Impact of the COVID-19 Response Cities Facing Significant Financial Challenges](#) , retrieved 11/23/20

(PCI); funding park, trail, and forestry improvements; investing in technology to enhance public communication and streamline processes; and support rising pension costs. To assist in supporting these priorities, as well as supplement the partial loss of short-term rental revenues, the City approved placing an additional 0.50% transactions and use or sales tax measure on the November 2020 ballot. While this initiative, Measure L, was approved by 59.8% of the voters, the State declined to implement the tax due to an incorrect reference to the municipal code. After evaluating legal options, the City Council unanimously voted to place a revised 0.50% transactions and use tax measure on the April 2022 Special Election ballot. This initiative is projected to yield \$1.1 million annually in additional revenues.

Assessing the Local Water Project Operations

Over the last three years, the Local Water Project (LWP) has not maintained sufficient working capital to support operations and annual debt service payments. In Fiscal Year 20/21, the City approved a \$600,000 interfund loan from the Sewer Fund to assist in bridging the current and projected shortfall, while alternate solutions were evaluated. These operating deficits have resulted from a capped water rate in the City's golf course lease agreement, lower than anticipated demand, and greater than anticipated operating costs. In Fiscal Year 19/20, staff presented a preliminary analysis of LWP operations and finances, which also included consideration of a third-party operator, and loan repayment options. Comments included allocating the proceeds from a \$625,188 promissory note for the purchase of water entitlements to repay the interfund loan. In August 2021, financial information from a draft LWP Business Plan was referenced to support revisiting the golf course lease agreement. The City requested a peer review of the Plan to support any potential lease negotiations. The lease, along with a repayment plan are anticipated to be evaluated after the report is completed in Fiscal Year 21/22.

Supporting the Local Community

Local residents and businesses were significantly impacted by COVID-19 restrictions. While the Federal and State governments introduced various forms of economic assistance, the City also wanted to provide immediate aid to the community. In Fiscal Year 20/21, the City allocated \$66,000 in Coronavirus Aid, Relief, and Economic Security (CARES) Act Funds to provide small business and emergency rental assistance grants; and \$50,000 in General Fund contributions to establish a simplified Small Business Grant Program. In Fiscal Year 20/21, the City's CARES program distributed \$31,200 to 26 small businesses and \$26,160 in emergency rental assistance to eight qualifying residents. The remaining CARES Act funds of \$8,640 were used to reimburse the City for qualifying operational expenses. The City's Small Business Grant Program allocated approximately \$48,500 among 30 businesses that were able to demonstrate a loss of income due to the pandemic. These grant funds could be used to reimburse costs for lease and utility payments; salaries, and business improvements to meet Shelter-in-Place requirements, such as tables, chairs, heaters, and outdoor dining structures.

Managing Rising Pension Costs

The City of Pacific Grove, like many municipalities throughout the State, is facing rising CalPERS pension costs. This is primarily related to the changes in CalPERS actuarial assumptions which include changes to the discount rate, amortization policies, mortality rates, and the implementation of risk mitigation strategies. The City's estimated Fiscal Year 21/22 contribution for the normal and unfunded liability portions of pensions cost is approximately \$852,000 and \$3.5 million, respectively. This represents an increase of over \$563,000 over the prior year costs. To assist with cost-containment, employees in "classic" retirement plans have agreed to continue paying 3-5% of the employer's share of pension costs, in addition to their regular pension contributions. This additional contribution was included in both the current and prior memoranda of understandings, with the percentage based on employee agreements.

Addressing Aging Infrastructure

Pacific Grove is a historic community, with over 1,300 buildings listed on the historic registry. Like many older municipalities in California, Pacific Grove has not been able to keep up with street and sidewalk maintenance. In May of 2017, the City joined the Transportation Agency for Monterey County's (TAMC) regional pavement assessment efforts as a cost-effective means to obtain a Pavement Management Program. The resulting assessment, which included surveying the City's entire pavement network, classified the City's average Pavement Condition as "Fair", with a pavement condition index (PCI) rating of 55. The report concluded that over a ten-year period, an annual investment of 1.8 million would be needed to maintain streets at their overall current PCI level, and \$2.6 million is needed to improve the streets to a PCI level of 70 or a "Good" rating. In Fiscal Year 20/21, the City expended over \$1.8 million for street and sidewalk projects. In Fiscal Year 21/22, the amount budgeted for street-related projects was \$1.7 million. This includes a General Fund contribution of \$500,000 to meet a minimum maintenance of effort (MOE) requirements; a \$926,000 appropriation from special revenue funds; and \$283,000 in funds carried forward from the prior year.

The City of Pacific Grove owns and operates the community's sewer collection system, which consists of approximately 58 miles of pipelines, 900 manholes, and 7 pump stations. In 2014, the City updated a Sewer Collection System Master Plan. This ten-year plan identified multiple projects, as well as the revenue requirements to meet ongoing and projected capital costs. In Fiscal Year 15/16, the City implemented a corresponding 10-year rate increase to fund the projects. In Fiscal Year 20/21, the City expended \$4.7 on sewer infrastructure projects. In Fiscal Year 21/22, \$900,000 was included in the adopted budget to support planned improvements, while \$1.7 million in funding was carried forward from the prior year.

Receiving Major Grants and Capital Contributions

- *Coronavirus Aid, Relief, and Economic Security (CARES) Act*
The Fiscal Year 20/21 California State Budget included a \$500 million appropriation of CARES Act funds to assist Cities in covering public health and safety costs associated with the pandemic. These funds were allocated to based on May 2020 population estimates, with the City of Pacific Grove's share calculated at \$188,479. While the City incurred \$345,000 in qualifying expenses during the initial six months of the pandemic, \$131,119 of the CARES Act funds were used to reimburse the City for public safety payroll costs, public health expenses, positions diverted to a substantially different use, as well as related costs. The remaining \$57,360 was allocated to provide emergency rental assistance and local small business grants.
- *American Rescue Plan Act (ARPA) Funds*
In March 2021, the American Rescue Plan Act (ARPA) was established, which allocated \$350 billion in funding to states, local, territorial, and tribal governments that were affected by the coronavirus pandemic. The City qualified for \$3.7 million in ARPA funds under the Replace Lost Public Sector Revenue criteria, with \$1.84 million to be disbursed in Fiscal Year 21/22 and Fiscal Year 22/23. The Fiscal Year 21/22 distribution was appropriated to provide the City with sufficient financial resources to eliminate the furlough, restore frozen positions, and reinstate funding for various programs and deferred expenditures. The second distribution is anticipated to be received in Fiscal Year 22/23. Prior to the developing the upcoming budget, the City will be evaluating whether ARPA funds are needed to supplement any projected revenue shortfalls; and commencing community engagement activities to gauge resident sentiment on the use of the funds.
- *State of California, Proposition 84 Stormwater Implementation Grant*
In Fiscal Year 17/18, the City received a \$4.4 million grant to complete the engineering, design, and construction of the Stormwater Capture and Diversion Project. This project is intended to reduce pollutants entering Pacific Grove's areas of biological significance (ASBS) by capturing, storing, and diverting runoff from the Lovers Point and Sea Palm Watersheds and improving the aging sanitary sewer collection system. In Fiscal Year 19/20, approximately \$104,000 was spent on the initial phases of this project. In Fiscal Year 20/21, the project was nearing completion, with annual expenditures of \$3.4 million.

- *Point Pinos Trail Project and Multiple Grants*

In Fiscal Year 19/20, the City was awarded \$1.8 million in Coastal Conservancy Funds to partially fund the Point Pinos Trail Project. This amount was combined with an additional \$850,000 in funding from state and regional grants; as well as a \$250,000 General Fund contribution. This \$2.9 million project entails construction of a formal, five-foot wide decomposed granite pedestrian path along Pacific Grove's entire coastline to address a 0.8-mile gap in the existing California Coastal Trail. The project also includes restoration of 100,000 square feet of native vegetation, establishment of 10 beach access points, development of uniform parking and driveway approaches, and stormwater improvements.

Balancing Compensation and Recognizing Employee Excellence

Retaining and recruiting a high-performance staff is essential to maintaining long-term health of the City. To assist in realizing that goal, compensation packages are balanced with the need to achieve fiscal stability. In Fiscal Year 18/19, the City approved a three-year memorandum of understanding (MOU) with the Police Officers Association (POA), which was extended through June of 2022. This agreement included cost of living increases of 1.6% and 2.5% over the first two years. In Fiscal Year 19/20, the City entered into agreements with the General Employee Association (GEA) and the Management Employee Association (MEA). These new MOU's are effective through June of 2023, and include the following key provisions: Class and compensation study adjustments for select MEA positions and the elimination of a MEA longevity requirement for two salary increases; and a 4.5% cost of living increase for GEA employees. Each employee association agreed to continue a 3-5% employee contribution towards the employer's share of "classic" pension plan costs. All employees also benefitted from a realigned health benefit which provides a greater City contribution towards family medical plans.

In Fiscal Year 20/21, all employee groups readily agreed to participate in a 10% furlough to assist in mitigating the projected budgetary impact from COVID-19. The furlough was reduced to 5% during the second half of the year based on revenue performance; and eliminated in Fiscal Year 21/22. The estimated savings from the furlough was approximately \$634,000. During this same period, City employees implemented protocols to meet or exceed COVID-19 health and safety mandates and established new technologies to allow for the continuation of City services. To assist in acknowledging employee dedication, as well as these efforts, the City approved a one-time COVID-19 Bonus Incentive. This \$500 incentive would be provided to regular employees based on their pro-rated time in service during Fiscal Year 20/21. The overall cost of this incentive is anticipated to be \$42,000. Additional programs that were implemented to enhance the workplace environment and foster team building include an Annual City-Wide Training Day and a Safety Incentive Program.

Receiving Accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA)

On November 13, 2020 the Pacific Grove Police Department (PGPD) was awarded a CALEA Certificate of Accreditation. This accreditation is built on "best practices" and aims to establish a foundation for public safety agencies to focus on achieving the best outcomes in the delivery of services. PGPD is the only agency within the tri-county area that has received the CALEA Accreditation, and the smallest municipality in California to obtain this voluntary certification. Recipients of the Accreditation are subject to consistent internal and external review, combined with third-party validation of the City's policies and procedures to assist in promoting high-quality public safety services and accountability. This accreditation demonstrates the City's commitment to procedural justice, ethical policing, community trust and engagement, transparency in service delivery, appropriate organizational culture, fairness in systems and processes, and consistency in what citizens should expect from the police department. The PGPD is committed to ongoing compliance with CALEA applicable standards, which is validated through annual compliance reviews and site-based interviews; and observations once every four years.

Relevant Financial Policies

Budget and Financial Management Policies

The City established Council Policy 400-6: Budget and Financial Management Policy to provide guidance on a number of financial topics. This Policy includes sections regarding the management of the operating and capital budget process; treasury and cash management; definition of appropriate reserve levels; debt management; and the safeguarding and recording of capital assets. This policy also includes a provision to incorporate a five-year fiscal planning horizon into the annual budget process, with the goal of identifying important trends and understanding long-term consequences of budget decisions.

A key component of the policy focuses on reserves or unassigned fund balance requirements. In Fiscal Year 17/18, the City evaluated the General Fund's fund balance policy to ensure it aligned with the best practices and fiscal sustainability goals. To assist with this effort, the City completed GFOA's Risk Assessment Model and reviewed financial benchmarks. As a result of this assessment, the minimum General Fund unassigned fund balance level was increased from 10% to 35% of operating expenditures. The updated policy also allocates the unassigned fund balance for the following priorities: 20% for cash flow and operations; 10% for fiscal stability, and 5% for contingencies or strategic opportunities. The balance is required to be maintained at that level, unless otherwise approved by the City Council. At the close of Fiscal Year 20/21, the City's General Fund unassigned fund balance was in compliance with the policy.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pacific Grove for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the fourth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the year-round dedication and efficiency of the Finance Department staff; and the support and efforts of the City's independent auditors.

We would also like to express thanks and appreciation to the Mayor and Members of the City Council for their leadership and support; and unwavering commitment to fiscal sustainability and long-term financial planning during this particularly challenging time.

A special thanks also goes to City employees for their dedication and support through the pandemic. Their efforts, as well as participation in the furlough, assisted with continuity of services and achieving fiscal stability.

Respectfully submitted,



Tori A. Hannah, Administrative Services Director/Assistant City Manager

**CITY OF PACIFIC GROVE
LIST OF PRINCIPAL OFFICIALS
FOR
FISCAL YEAR ENDED JUNE 30, 2021**



ELECTED OFFICIALS

Mayor: Bill Peake

Mayor Pro Tempore: Nick Smith

Council Member: Joe Amelio

Council Member: Luke Coletti

Council Member: Jenny McAdams

Council Member: Chaps Poduri

Council Member: Amy Tomlinson

APPOINTED OFFICIALS

City Manager: Ben Harvey

City Attorney: David C. Laredo

DEPARTMENT HEADS / ADMINISTRATORS

Administrative Services Director: Tori A. Hannah

Chief of Police: Cathy Madalone

City Clerk: Sandra Kandell

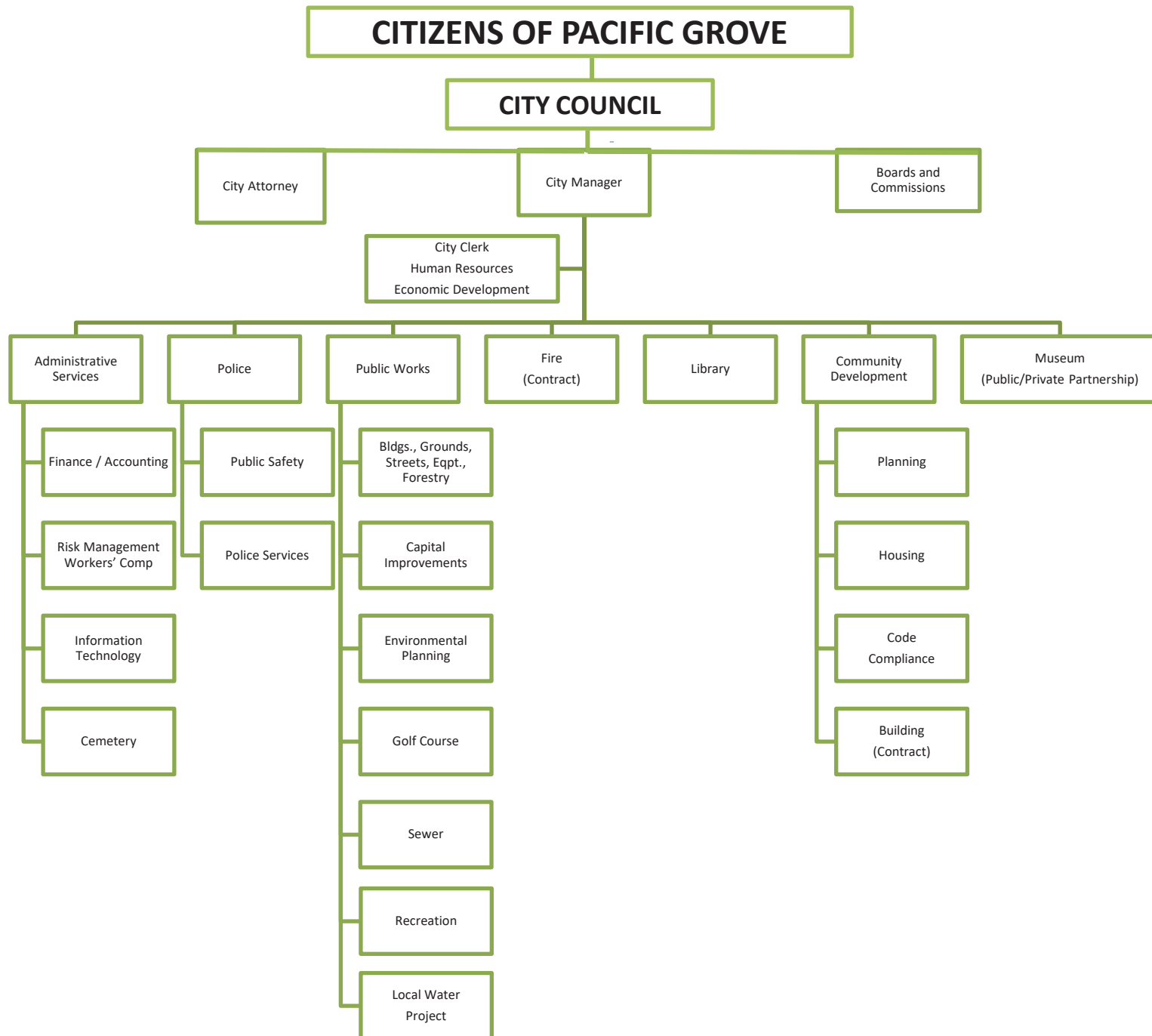
Community Development Director: Alyson Hunter

Fire Chief: Gaudenz Panholzer

Human Resources Director: Leticia Livian

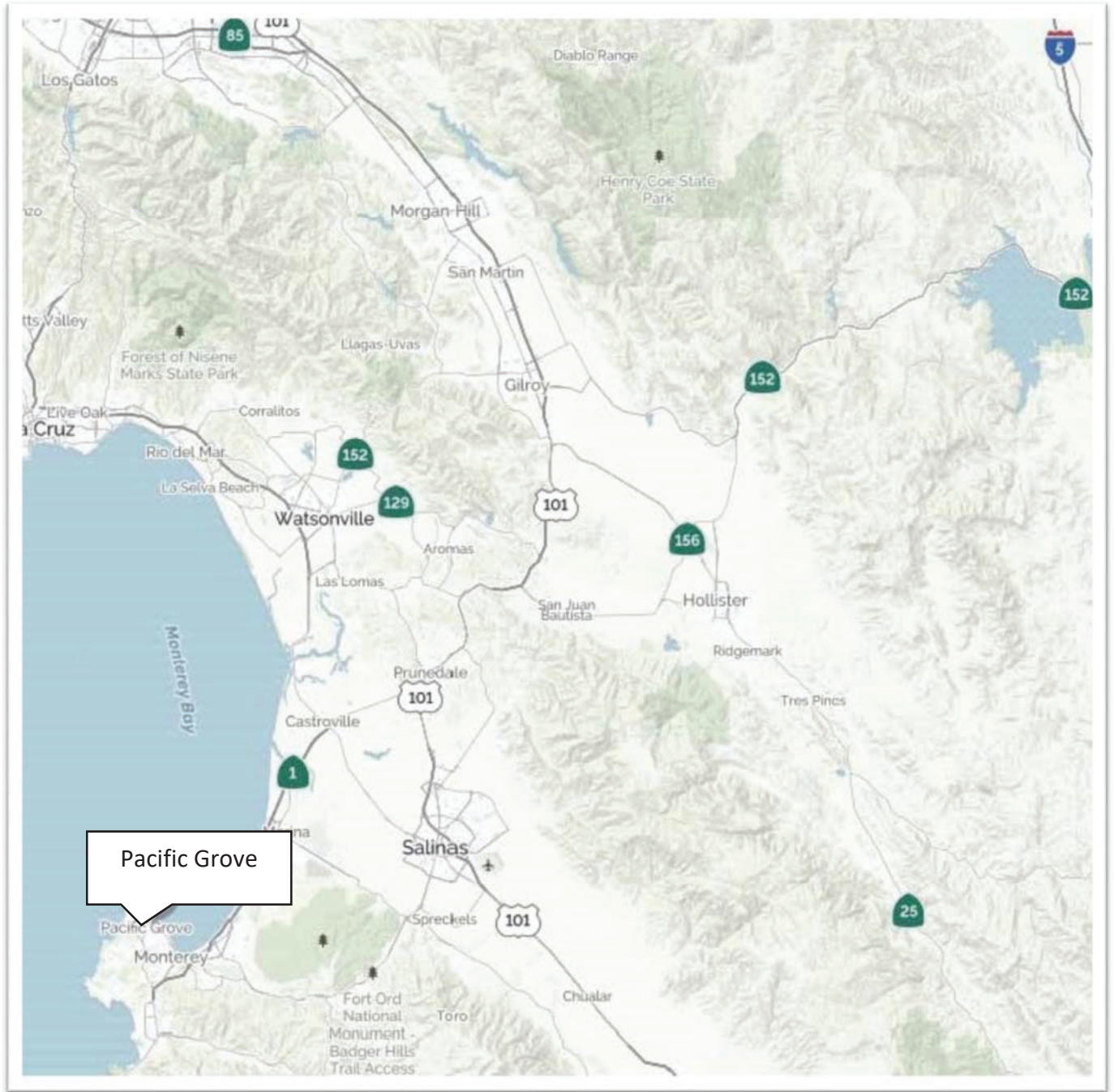
Public Works Director: Daniel Gho

Library Director: Diana Godwin





City of Pacific Grove





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Pacific Grove
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Page Intentionally Left Blank



FINANCIAL SECTION

This page is intentionally blank



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the
City Council of the City of Pacific Grove
Pacific Grove, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Pacific Grove (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Pacific Grove, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, supplemental budgetary schedules, combining individual non-major fund schedules, statistical data, and other information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, supplemental budgetary and statistical sections have not been subjected to the



Chavan and Associates, LLP
Certified Public Accountants

auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

C & A LLP

December 31, 2021
San Jose, California

Page Intentionally Left Blank

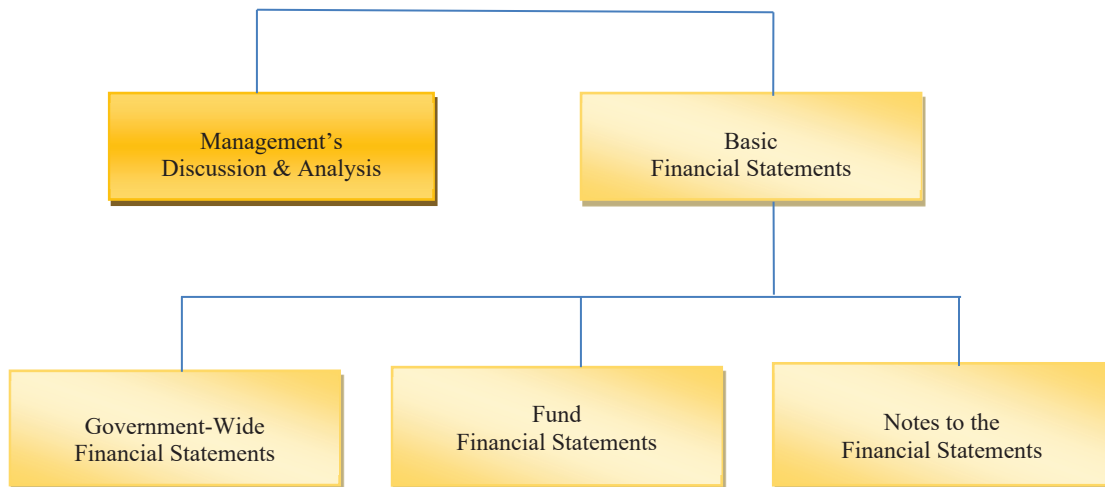


MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of the City of Pacific Grove, we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City of Pacific Grove, for the fiscal year that ended on June 30, 2021. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal. This information can be found on pages 1-11 of this report. The required components of the report are listed below.

Required Components of the Annual Financial Report



FISCAL YEAR 2020/21 FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- The assets and deferred outflows of resources for the City of Pacific Grove exceeded the liabilities at the close of the most recent fiscal year by \$28.7 million (net position). Of the net position, \$56 million was classified as net investment in capital assets; \$7.9 million recorded as restricted funds; and \$35.2 million categorized as a deficit unrestricted net position (negative net position). The negative unrestricted net position is largely due to the implementation of *GASB 68 – Accounting and Financial Reporting for Pensions*. This new pronouncement required local governments to record pension liabilities on the government-wide financial statements.
- The City's net position increased by \$4.68 million. This included a \$3.44 million increase in the net position of Governmental Activities and a \$1.24 million increase in the net position of Business-Type Activities.
- City revenues increased by \$2.9 million or 9% when compared to the prior year. The Fiscal Year 20/21 amount includes a \$3.3 million grant for a capital project. When revenues are adjusted for this one-time contribution, the resulting annual difference is a reduction of approximately \$400,000 when

compared to the prior year. One of the contributing factors include a reduction in the City's investment earnings of \$787,578, which was offset by increases in other revenue categories. The investment reduction includes a decline in interest earnings in the amount of approximately \$259,078; with the remaining decrease attributed to annual adjustments in the fair value of the investment portfolio.

- Deferred outflows of resources increased by \$870,109, while deferred inflows of resources decreased by \$1.5 million. This was primarily related to pension liability adjustments identified in the City's actuarial report, which include differences between expected and actual earnings; expected and actual experiences; and changes in proportional allocations. The City's pension liability in accordance with GASB 68 as of June 30, 2021 was \$46 million, while the total OPEB liability for the fiscal year ending June 30, 2021 was \$5.1 million.
- The City's long-term debt decreased by \$1.9 million or 9.1%, as a result of debt service payments made during the year.
- The City's net capital assets increased by 15.6% or \$9.1 million, with \$5.7 million of the increase attributed to construction in progress.

Fund Highlights

- At the close of Fiscal Year 20/21 the City of Pacific Grove's *Governmental Funds* reported a combined fund balance of \$17.6 million, which represents a decrease of \$553,867 in comparison with the prior year. Approximately 56.2% or \$9.9 million was classified as unassigned fund balance and was available for spending at the government's discretion.
- At the end of the current fiscal year, the *General Fund's* unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) was \$10 million, or 44.4% of total general fund expenditures, prior to transfers. The General Fund's unassigned fund balance was \$9.9 million or 44% of total general fund expenditures, prior to transfers. This percentage is above the City's policy level which targets a minimum unassigned fund balance at 35% of operating expenditures.
- The *General Fund* balance increased by \$193,914 at the close of the fiscal year. This included an excess of operating revenues over expenditures of \$822,795, less \$628,881 in net transfers, which were primarily earmarked for capital projects.
- *General Fund* revenues increased over the prior year by \$11,421 and expenditures decreased from the prior year by \$397,315. The minor increase in revenues is related to the initial signs of fiscal recovery following the impact of COVID-19. The decrease in expenditures resulted from the implementation of cost containment efforts that were aligned with projected revenue shortfalls. This included salary and benefit reductions associated with a 5-10% employee furlough; and limited on-call and seasonal staff, net of rising unfunded liability payments.
- In Fiscal Year 19/20, the City established a *Capital Improvement Projects Fund*. At the end of the current fiscal year, this fund had a fund balance of \$220,023. This amount reflects unexpended funds for specific projects that will be carried forward into the new fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Pacific Grove's financial statements. The City of Pacific Grove's basic financial statements are comprised of (1) Government-Wide Financial Statements (2) Fund Financial Statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City of Pacific Grove's finances, in a manner similar to a private-sector business. Government-Wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole. Government-Wide Financial Statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents financial information on all of the City of Pacific Grove's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Pacific Grove is improving or declining.

The *Statement of Activities* presents information showing how the City of Pacific Grove's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is consistent with a full accrual concept, which may result in the reporting of revenues and expenses in the current fiscal year, with cash flows occurring in future fiscal periods (e.g. uncollected revenues; and earned but not used vacation leave).

Both of the Government-Wide Financial Statements distinguish functions of the City of Pacific Grove that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). An overview of the City's functions associated with each classification is listed below.

Governmental Activities – All of the City's basic services are considered to be governmental activities. This includes general government, public safety, public works, recreation, library, museum, and community development. These services are supported by general City revenues such as taxes, and by specific program revenues such as development and recreation program fees.

Business-Type Activities – This City's enterprise activities include cemetery, sewer, water reclamation and golf operations. Unlike governmental activities, these services are fully supported by charges paid by users based on the amount of services they use.

The Government-Wide Financial Statements can be found on pages 43-44 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Major funds are presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the City for the fiscal year, and may change from year to year as a result of changes in the pattern of the City's activities. The City's funds are segregated into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. This represents a modified accrual basis of accounting, with capital assets, long-lived assets, and long-term liabilities excluded from the financial statements. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The City maintains thirty-nine governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, ASBS Grant Fund, Community Development Block Grants (CDBG) Fund, and Capital Improvements Projects Fund. These funds are considered to be major funds. Data from the other thirty-five governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Pacific Grove adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 45-48 of this report.

Proprietary Funds

The City of Pacific Grove has the following four *Enterprise Funds* which are proprietary funds: Sewer, Cemetery, Local Water Project, and Golf Course Funds. *Enterprise funds* provide the same type of information as business-type activities in the government-wide statements. *Internal service funds* are an accounting mechanism used to accumulate and allocate costs internally among the City of Pacific Grove's various functions. The City uses three internal service funds to account for the management of its retained risks associated with liability self-insurance, workers compensation, and health insurance. Because these

internal services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the Government-Wide Financial Statements.

Proprietary funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, cemetery, golf course, and water reclamation operations, all of which are considered major funds for the City of Pacific Grove. Conversely, all internal service funds are provided combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. The basic proprietary fund financial statements can be found on pages 49-51 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reported in the Government-Wide Financial Statements because the resources of these funds are not available to support the City of Pacific Grove's own programs. The accounting for fiduciary funds is much like that used for business-type activities. The City did not maintain any fiduciary funds during Fiscal Year 20/21.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes can be found immediately following the Fund Financial Statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Pacific Grove's funding progress for its employee pension and OPEB obligations. The required supplementary information can be found on pages 87-92 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the *required supplementary information* on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 95-154 of this report.

An un-audited statistical section provides historical and current data on financial trends, revenue and debt capacity, demographic and economic information, and operating information. This information can be found on pages 158-186 of this document.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position may serve as an indicator of a government's financial position. In the case of the City of Pacific Grove, assets and deferred outflows of resources exceeded liabilities by \$28.7 million at the close of Fiscal Year 20/21. This represents an increase of \$4.68 million over the prior year.

The following table summarizes the City's ending net position:

Table 1 - Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 30,015,890	\$ 32,762,848	\$ 6,085,460	\$ 9,369,126	\$ 36,101,350	\$ 42,131,974
Capital assets	38,024,265	32,694,311	29,355,241	25,598,202	67,379,506	58,292,513
Total Assets	\$ 68,040,155	\$ 65,457,159	\$ 35,440,701	\$ 34,967,328	\$ 103,480,856	\$ 100,424,487
Deferred Outflows of Resources	\$ 9,279,898	\$ 8,420,059	\$ 362,466	\$ 352,196	\$ 9,642,364	\$ 8,772,255
Liabilities						
Current and other liabilities	\$ 12,729,323	\$ 13,998,603	\$ 622,052	\$ 1,057,239	\$ 13,351,375	\$ 15,055,842
Noncurrent liabilities	59,315,063	56,608,294	9,334,463	9,597,479	68,649,526	66,205,773
Total Liabilities	\$ 72,044,386	\$ 70,606,897	\$ 9,956,515	\$ 10,654,718	\$ 82,000,901	\$ 81,261,615
Deferred Inflows of Resources	\$ 2,331,427	\$ 3,766,328	\$ 91,975	\$ 150,217	\$ 2,423,402	\$ 3,916,545
Net Position						
Net investment in capital assets	\$ 37,925,984	\$ 32,572,615	\$ 21,623,880	\$ 17,471,699	\$ 59,549,864	\$ 50,044,314
Restricted	7,628,868	8,377,320	296,448	296,448	7,925,316	8,673,768
Unrestricted	(42,610,612)	(41,445,942)	3,834,349	6,746,442	(38,776,263)	(34,699,500)
Total Net Position	\$ 2,944,240	\$ (496,007)	\$ 25,754,677	\$ 24,514,589	\$ 28,698,917	\$ 24,018,582

A significant portion, or \$56 million, of the City's net position reflects its investment in capital assets, (e.g., land, buildings, general government infrastructure, equipment, etc.), less accumulated depreciation and any outstanding debt that was used to acquire or construct those assets. Capital assets represent infrastructure which provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

The \$7.9 million amount classified as Restricted Net Position, represents resources that are subject to external restrictions on how they may be used. This includes \$7.6 million in funds restricted for governmental activities and \$296,448 for business-type activities. The restricted amount for governmental activities includes \$3.2 million in permanent endowments or trusts; and \$4.4 million for housing and community development programs; public safety, streets and sidewalks; and fees, assessments, and donations that are collected for a specific purpose. In the Business-Type Activities category, the \$296,448 balance represents funds set aside to meet debt covenant requirements. Complete details of each fund can be found in the fund descriptions and individual fund Statements of Net Position.

The remaining deficit balance of \$38.8 million is classified as unrestricted. This negative unrestricted balance is largely due to the implementation of *GASB 68 – Accounting and Financial Reporting for Pensions*. The City participates in the CalPERS Miscellaneous and Safety pension plans. This pronouncement requires that local governments report a proportional share of their pension plan's net pension liabilities on financial statements. In Fiscal Year 20/21, the City's proportionate share of the CalPERS pension liability was \$46 million. An additional contributing factor to the deficit balance, includes the implementation of *GASB 75 – Accounting and Financial Reporting for OPEB*. This new pronouncement which was implemented in Fiscal Year 19/20, requires local governments to report OPEB liabilities on financial statements. The City's OPEB

liability for Fiscal Year 20/21 is \$5.1 million. See notes 8 and 9 for detailed information related to the plans, along with the required supplementary information section of this report.

At the end of the current fiscal year, the City of Pacific Grove is able to report a positive balance for the government as a whole. The reasons for the overall financial changes are discussed in the following sections for governmental and business-type activities.

Governmental and Business-Type Activities

As shown in the *Statement of Changes in Net Position* schedule, the net position for Governmental Activities increased from deficit balance of \$496,007 in the prior year to a surplus balance of \$2.9 million in the current fiscal year. This \$3.4 million increase is largely due to increased grants and contributions, as well as building and planning charges for services, and reductions in overall spending.

The net position for business-type activities increased from \$24.5 million to \$25.8 million in the current fiscal year. This \$1.24 million increase is largely due to increased Charges for Services and decreases to overall operating expenses. In Fiscal Year 20/21, the City's total revenues and expenses were \$35.7 million and \$31 million, respectively. The combined positive change in net position was \$4.68 million.

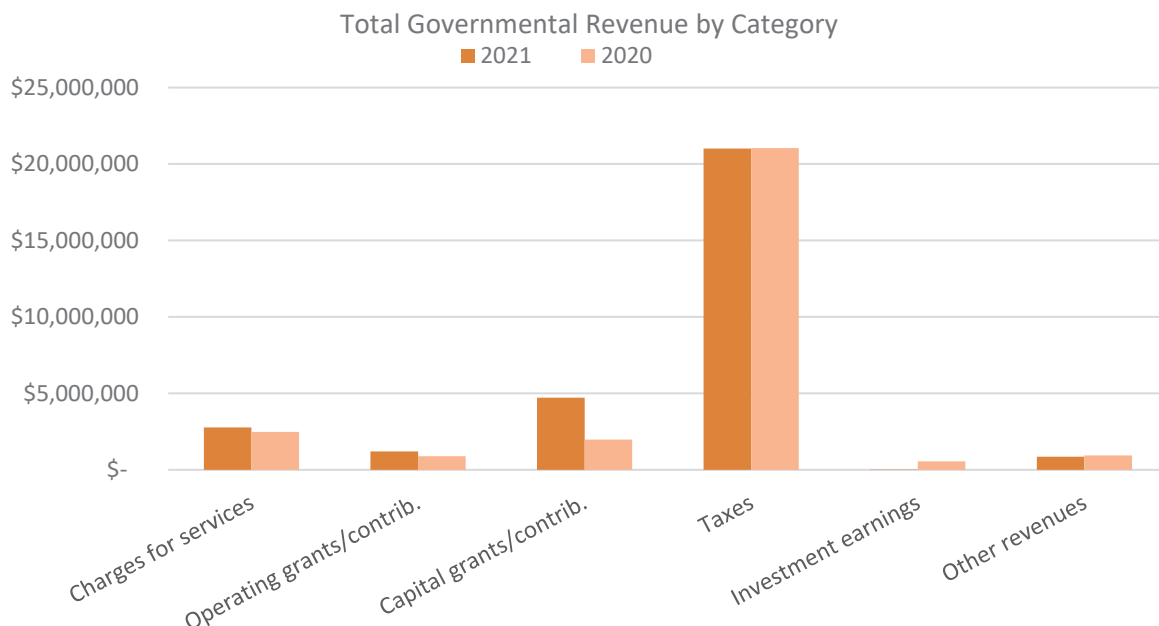
An analysis of the changes in revenues and expenses by type of significant events follows:

Table 2 - Statement of Changes in Net Position						
Functions/Programs	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2021	2020		2021	2020	
Program Revenues						
Charges for services	\$ 2,770,872	\$ 2,483,486	\$ 287,386	\$ 5,095,275	\$ 4,701,266	\$ 394,009
Operating grants and contributions	1,200,286	891,298	308,988	9,800	-	9,800
Capital grants and contributions	4,715,110	1,976,852	2,738,258	-	-	-
Total Program Revenues	8,686,268	5,351,636	3,334,632	5,105,075	4,701,266	403,809
General Revenues						
Taxes	21,006,391	21,035,119	(28,728)	-	-	-
Investment earnings	22,612	555,482	(532,870)	4,852	259,560	(254,708)
Other revenues	854,336	942,680	(88,344)	32,191	5,613	26,578
Total General Revenues	21,883,339	22,533,281	(649,942)	37,043	265,173	(228,130)
Expenses						
General government	3,957,697	4,128,554	(170,857)	-	-	-
Public safety	12,345,886	12,447,605	(101,719)	-	-	-
Public works	4,916,879	5,105,747	(188,868)	-	-	-
Recreation	765,613	894,381	(128,768)	-	-	-
Library	864,956	1,496,673	(631,717)	-	-	-
Museum	262,137	340,375	(78,238)	-	-	-
Community development	3,340,137	3,150,193	189,944	-	-	-
Interest on fiscal charges	676,055	726,958	(50,903)	-	-	-
Cemetery operating	-	-	-	498,927	533,247	(34,320)
Sewer operating	-	-	-	2,178,853	2,474,580	(295,727)
Local water project	-	-	-	881,378	957,886	(76,508)
Golf course	-	-	-	342,872	286,074	56,798
Total Expenses	27,129,360	28,290,486	(1,161,126)	3,902,030	4,251,787	(349,757)
Increase / (Decrease) in Net Position	3,440,247	(405,569)	3,845,816	1,240,088	714,652	525,436
Transfers	-	(18,676)	18,676	-	18,676	(18,676)
Prior Period Adjustments	-	24,492	(24,492)	-	-	-
Net Position, Beginning of Year	(496,007)	(96,254)	(399,753)	24,514,589	23,781,261	733,328
Net Position, End of Year	\$ 2,944,240	\$ (496,007)	\$ 3,440,247	\$ 25,754,677	\$ 24,514,589	\$ 1,240,088

Governmental Activities

Governmental Revenues

The following chart summarizes the changes in revenues by category during Fiscal Year 20/21:



Significant changes in governmental revenues consisted of the following:

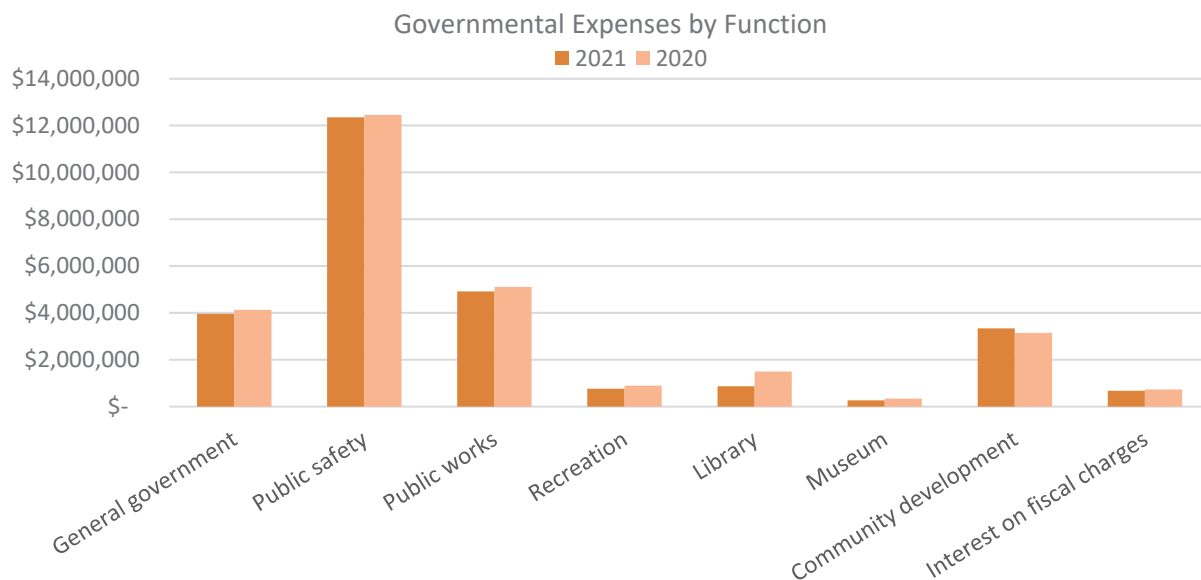
- Taxes decreased by \$28,728, with the substantial net changes in the following categories:
 - Property taxes increased by approximately \$559,000 or 7.3%, which reflects the continuing strength in property values.
 - Transient occupancy taxes (TOT) decreased by approximately \$1.33 million or 25.1%. This includes a reduction in General Fund transient occupancy tax receipts of approximately \$1.27 million; and pass-through taxes of approximately \$62,000 that were collected on behalf of the hospitality and tourism improvement districts. These decreases are largely the result of the economic impacts associated with COVID-19, as well as the decline in the number of short-term rental properties.
 - Sales tax revenues increased by approximately \$235,000 or 4.9%. This includes an increase in General Fund sales tax revenues of approximately \$135,000; and \$100,000 related to Special Revenue Funds.
 - Franchise and Utility Users Taxes increased by approximately \$217,000 and \$215,000, respectively. This is primarily related to changes in underlying rates, as well as increased demand.
- The Charges for Services category increased by \$287,386. This included approximately \$603,000 in building and planning fees; \$108,000 in housing loan repayments; net of \$424,000 in parking meter, recreation, and code enforcement reductions.
- In Fiscal Year 20/21, capital grants and contributions increased by \$2.7 million. The \$4.7 million in revenues

received in this fiscal year, primarily reflect a \$4.4 million in State grants for the Stormwater Capture and Diversion and Point Pinos Trail projects; and \$334,000 for the Library Renewal Project. This can be compared with the prior year amount which included \$1.7 million in contributions for the Library Renewal project; and approximately \$248,000 in State and local grant funding.

- The total reduction in investment earnings for Fiscal Year 20/21 was \$532,870. This decrease is a result of the net changes in interest earnings and adjustments to the fair value of the City's investment portfolio. The actual interest earned by governmental funds was approximately \$170,000, as compared to \$337,000 in the prior year. In Fiscal Year 20/21, the governmental share of the investment portfolio was reduced by \$147,000 to reflect the current fair value. This can be contrasted to a prior year value increase of \$218,000.

Governmental Expenses

The Fiscal Year 20/21 expenses for Governmental Activities decreased by \$1.15 million as illustrated in the chart below:



Significant changes in governmental expenses consisted of the following:

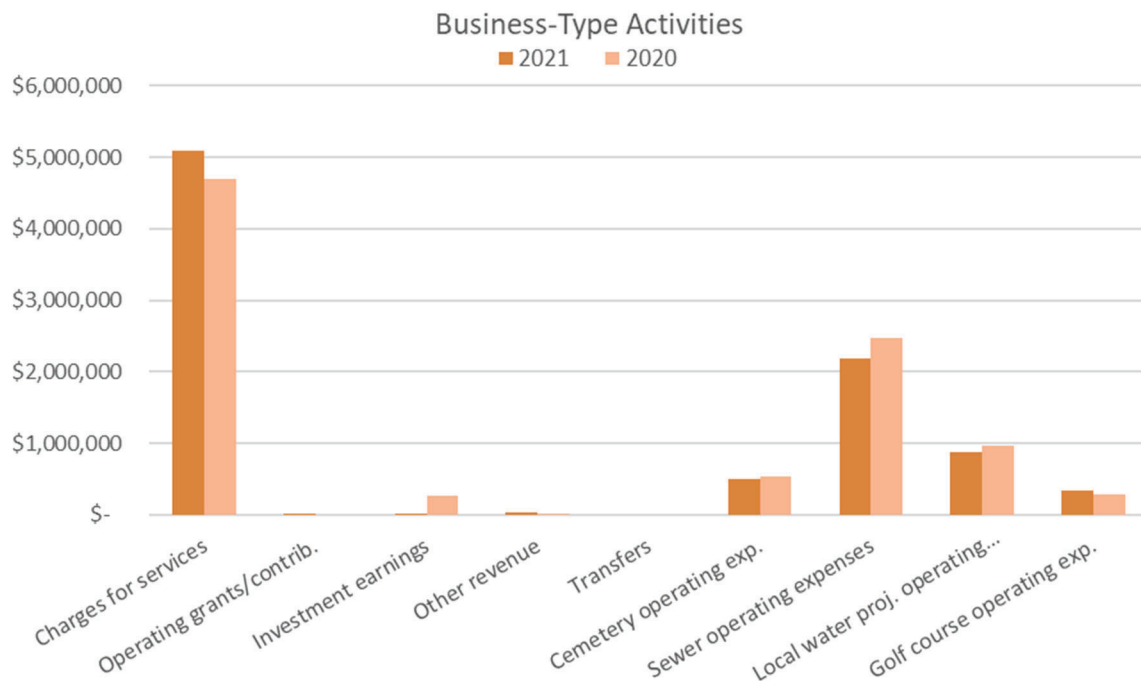
- As part of the presentation of financial statements on a government-wide perspective, the net difference between internal service fund revenues and expenditures is allocated to departments, along with adjustments for actuarial pension reports. Additional allocations or conversion entries are needed to convert fund statements to a government-wide perspective. In Fiscal Year 20/21, the annual amounts distributed to governmental functions was \$4.1 million, which represents a decrease of approximately \$567,000 when compared to the prior year. The annual allocations include actuarial adjustments for pensions and Other Post-Employment Benefits (OPEB) of \$1.5 million and \$310,000, respectively; depreciation expense of \$1.6 million; and internal service distributions of \$617,000. The remaining allocations include the addition of \$160,000 in compensated absences, net of \$38,000 in reductions for capitalized equipment. The annual increase in compensated absences can be attributed to temporarily increasing the paid leave cap during the employee furlough.

- General government decreased by 4.1% or \$170,857. Factors contributing to the decrease include \$66,000 in various salary and contract expenditures, net of rising unfunded pension liability payments; and a reduction of approximately \$105,000 in accounting conversion entries.
- Public safety costs decreased by 0.8% or \$101,719. This is primarily due to rising pension costs and fire contract services of approximately \$172,000; net of a reduction in accounting conversion entries of \$274,000.
- Public Works costs decreased by 3.7% or \$188,868. Factors contributing to this decrease include reductions of approximately \$193,000 in contract services, \$27,000 in net operating expenses, which were offset by a \$31,000 increase in accounting conversion entries.
- Library costs decreased by 42.2% or \$631,717. This reduction is primarily due to COVID-19 mandates, that required the Library to be closed for the majority of the fiscal year, as well as a major renovation efforts. The annual difference resulted from salary and benefit decreases of approximately \$229,000, reductions of \$30,000 for miscellaneous items; and \$130,000 in accounting conversion entries. The remaining \$243,000 annual difference relates to reductions in improvements for the temporary library site.
- Community Development expenses increased by 6% or \$189,944. This reflects an operating increase of approximately \$197,500 related to the additional use of building contract and professional services to support increased construction activities, \$48,500 to provide small business grants, net of reduced accounting conversion entries of \$56,000.
- Recreation expenditures decreased by approximately 14.4% or \$128,768. Approximately, \$111,000 of this amount can largely be attributed to reductions in salary and benefits, net of other costs; and \$18,000 in accounting conversion in entries.
- Museum expenditures decreased by approximately \$78,238 or 23%. The City contracts with the Pacific Grove Museum Foundation to operate the Pacific Grove Museum of Natural History. The amount paid to the concessionaire is based on a percentage of estimated general fund revenues. Due to the projected decrease in general fund revenues, a decline in the use of contracts and utilities; and limited operations, approximately \$63,000 in reductions were realized when compared to the prior year. This was offset by a \$15,000 decrease in accounting conversion entries.
- Interest expense decreased by 7% or \$50,903 due to obligations generally requiring less interest as debt matures. Also, the accretion of interest is on a sliding scale and is decreasing each year.

Business-Type Activities

The City's net position for business type activities increased by \$1.2 million. This included a \$1.5 million increase in the net positions of the Sewer, Cemetery, and Golf Course Funds; which was offset by a decrease of approximately a \$284,000 in the Local Water Project Fund. The \$1.4 million net increase in the Sewer Fund is primarily related to sewer rate increases to support infrastructure improvements. The decrease in the Local Water Project represents the third year of operations, in which the amount of expenses exceeded revenues.

The following chart is a summary of the changes in revenues and expenses for the City's business-type activities from Fiscal Year 19/20 to 20/21, with additional analysis following the chart:



Total Program Revenues for business-type activities increased by \$403,809 when compared to the prior year. This included approximately a \$394,000 increase in the Charges for Services category, along with a \$9,800 operating grant in the Sewer Fund. In Fiscal Year 20/21, the Charges for Services Category in all enterprise funds exceeded their prior year revenues. This included \$152,000 in additional Cemetery sales and services; \$94,000 in Sewer Service charges, and approximately \$74,000 in each of the Golf Course and Local Water Project Funds. The increase in the Local Water Project revenues primarily reflects growth in recycled water demand due to drought conditions, while Golf Course lease receipts and percentage-based restaurant revenues increased in response to continuing economic improvement.

Total General Revenues decreased by \$228,130 primarily related to a \$254,708 decrease in investment earnings, along with a fair value adjustment to the investment portfolio.

Total expenses for business type activities were \$3.9 million for Fiscal Year 20/21, which was a decrease of \$349,757 when compared to the prior year. This was primarily due to \$296,000 in reductions in the Sewer Fund which included a \$226,000 decrease in the use of contract services, supplies, and materials; and \$70,000 in salary and benefits that resulted from the 5%-10% employee furlough. Although there was growth in Cemetery revenues, a decrease of \$34,000 was realized in Cemetery expenditures. This was primarily due to the employee furlough and one-time contracts. In Fiscal Year 20/21, there was an annual increase in Golf Course expenses of \$57,000 and a reduction in Local Water Project costs of \$77,000. This was related to a prior period utility billing adjustment that decreased the Golf Course utility costs by approximately \$70,000 and increased the Local Water Project utilities by a corresponding amount. This year's expenditures reflect returning the utility costs to more standard levels.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

As noted earlier, the City of Pacific Grove uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City of Pacific Grove's Council.

A summary of the changes in fund balance of the Major Funds and Other Governmental Funds is presented below:

Table 3 - Summary of Changes in Fund Balance - Governmental Funds

	Major Funds					Total
	General Fund	ASBS Grant Fund	CDBG Grant Fund	Cap. Imp. Projects Fund	Other Governmental Funds	
Total Revenues	\$ 23,368,297	\$ 3,353,584	\$ 108,432	\$ 1,367,035	\$ 2,530,438	\$ 30,727,786
Total Expenditures	22,545,502	3,353,821	308,947	2,289,380	2,784,003	31,281,653
Revenues Over (Under) Expenditures	822,795	(237)	(200,515)	(922,345)	(253,565)	(553,867)
Transfers in	131,119	-	-	500,001	268,742	899,862
Transfers out	(760,000)	-	-	-	(139,862)	(899,862)
Net change in fund balances	193,914	(237)	(200,515)	(422,344)	(124,685)	(553,867)
Beginning of year	9,813,734	(8,112)	433,671	642,367	7,300,374	18,182,034
End of year	\$ 10,007,648	\$ (8,349)	\$ 233,156	\$ 220,023	\$ 7,175,689	\$ 17,628,167

The General Fund balance increased by \$193,914. This included operating revenues exceeding operating expenses by \$822,795; and net transfers-out of \$628,881. The operating difference can be attributed to better than anticipated tax revenues, as well as cost-containment measures that were implemented to assist with the projected COVID-19 revenue shortfalls. The net transfers include \$131,119 in Coronavirus Relief Funds, less transfers-out of \$500,000 for capital improvements; \$210,000 to the Public Safety Augmentation Fund; and \$50,000 for small business assistance grants.

The *ASBS Grant Fund* records expenses for the City's Stormwater Capture and Diversion Project, as well as reimbursements from a \$4.4 million grant award from the State. The City incurred approximately \$3.4 million in expenditures; and requested or received reimbursements for a similar amount. The negative fund balance of \$8,349 represents expenditures that are anticipated to be billed in Fiscal Year 21/22.

The *CDBG Grant Fund* expenditures reflect the issuance of new revolving loans, which are in excess of loan repayments and interest earnings. The remaining fund balance of \$233,156 can be used to support new housing loans in the forthcoming fiscal year.

In Fiscal Year 20/21, the *Capital Improvement Projects Fund* revenues include \$1.03 million in State grant funding, \$334,000 in capital contributions for the Library Renewal Project; and a \$500,000 transfer from the General Fund. Revenues received in this fund are used to support specific capital projects. The remaining fund balance of \$220,023 represents amounts set-aside for approved projects that have not been completed. The \$422,000 decline in fund balance represents the use of funds for approved projects.

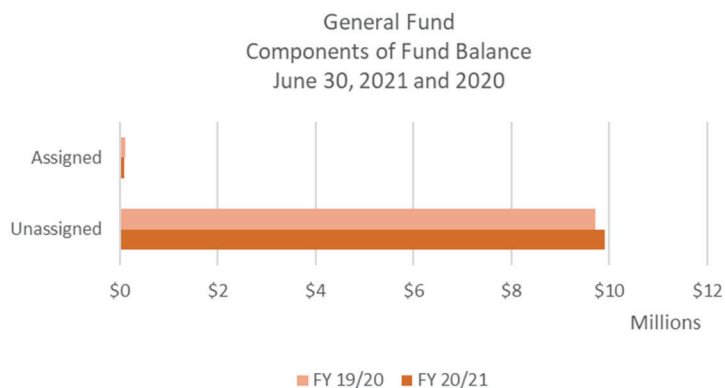
Information on *Other Governmental Funds* can be found in the Supplementary Section of this document.

Combined Funds – Components of Fund Balance

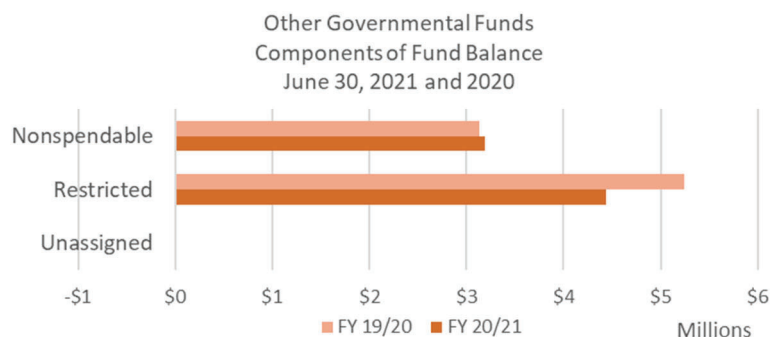
As of June 30, 2021, the City of Pacific Grove's reported combined fund balances of \$17.6 million, which represents a \$553,867 decrease when compared to the prior year. Approximately 56.2%, or \$9.9 million, is classified as unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned. The nonspendable balance of \$3.2 million represents funds that are not in a spendable form, such as endowments or trust funds. The restricted balance of approximately \$4.4 million reflects funds that are legally required to remain intact, while the remainder of \$97,042 represents funds that are assigned to a particular purpose.

General Fund – Components of Fund Balance

The General Fund is the chief operating fund of the City of Pacific Grove. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$9.9 million, and the total fund balance increased to \$10 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The total general fund expenditures, prior to transfers is \$22.5 million. City Council Policy 400-6: Budget and Financial Management establishes a goal of retaining an unassigned General Fund balance of 35%. In Fiscal Year 20/21, the General Fund's unassigned fund balance represented approximately 44% of the total general fund expenditures, while the total fund balance represented approximately 44.4% of total general fund expenditures. This placed the City in compliance with the City Council Policy 400-6. The subsequent charts provide an annual comparison of the fund balance components included in the general fund and the other governmental funds.



Other Governmental Fund - Components of Fund Balance



CAPITAL ASSETS

The City of Pacific Grove's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$67.4 million (net of accumulated depreciation). This includes net capital assets from governmental activities of \$38 million and net capital assets from business type activities at \$29.4 million. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, and sewer systems. The total increase in the City of Pacific Grove's capital assets, net of depreciation and disposals was \$9.1 million or 15.6%. In Governmental Activities, the net increase in capital assets was \$5.3 million or 16.3%, while business-type Activities increased by approximately \$3.8 or 14.7%. The following table summarizes the City's capital assets at the end of the year:

Table 4 - Capital Assets at Year End - Net

	Governmental Activities		Business-type Activities		Total		% Change
	2021	2020	2021	2020	2021	2020	
Land	\$ 2,338,270	\$ 2,338,270	\$ 362,973	\$ 362,973	\$ 2,701,243	\$ 2,701,243	0.00%
Construction in progress	5,711,389	3,489,640	4,384,684	947,440	10,096,073	4,437,080	127.54%
Buildings and improvement	9,381,611	6,965,686	4,996,512	5,181,640	14,378,123	12,147,326	18.36%
Infrastructure	19,542,770	18,660,995	19,019,622	18,488,667	38,562,392	37,149,662	3.80%
Machinery and equipment	1,050,225	1,239,720	591,450	617,482	1,641,675	1,857,202	-11.60%
Total Capital Assets, Net	\$ 38,024,265	\$ 32,694,311	\$ 29,355,241	\$ 25,598,202	\$ 67,379,506	\$ 58,292,513	15.59%

Major capital asset events during the fiscal year included the following:

- Governmental Activities:
 - Construction in Progress: This increase of \$2.2 million reflects the addition of just over \$5.2 million in partially completed assets, less \$3 million in projects that have been completed. Significant additions for construction in progress includes \$3.4 million for the Stormwater Capture and Diversion Project; \$1.2 million for the Tide Pool and Point Pinos Trail Project; \$586,000 for the street rehabilitation, as well as other projects.
 - Buildings, Improvements, and Infrastructure included the addition of \$4.6 million in assets, prior to depreciation. This included the following major projects, as well as \$300,000 in combined projects.
 - Library Renovation Project: \$2.7 million.
 - Street and sidewalk projects: \$1.6 million.
 - Equipment purchases increased by approximately \$80,000, prior to depreciation. This primarily included technology equipment and fixtures; and grant-funded emergency extrication equipment for the Fire Department.
- Business-Type Activities:
 - Construction in Progress: This increase of \$3.4 million reflects the addition of \$3.6 million in projects, less approximately \$171,000 that was transferred to completed projects for the Phase 8 Sewer Line Project. Just over \$3.5 million in construction in progress is related to the Asilomar Sewer Line Upgrade Project.
 - Infrastructure additions of \$1.2 million for the Phase 8 Sewer Line Project.

Additional information on capital asset activity is described in the notes to the financial statements, Note 5.

DEBT ADMINISTRATION

During the year, Long-Term Debt from governmental activities decreased by \$1.47 million primarily due to regular debt service payments, while Long-Term Debt attributable to business type activities decreased by \$395,142. The reduction within the business-type category resulted from regular debt service payments.

The following table summarizes the City's debt at the end of the year:

Table 5 - Outstanding Long-Term Debt at Year End

	Governmental Activities		
	2021	2020	% Change
Pension Obligation Bonds	\$ 4,397,978	\$ 5,299,340	-17.01%
Accreted Interest	6,387,907	6,929,521	-7.82%
PG&E Loan	98,281	121,696	-19.24%
Total outstanding long-term debt	<u>\$ 10,884,166</u>	<u>\$ 12,350,557</u>	-11.87%
	Business-type Activities		
	2021	2020	% Change
2013 Wastewater Revenue Refunding Bonds	\$ 766,573	\$ 827,487	-7.36%
Golf Course COP Refunding	2,099,001	2,274,059	-7.70%
PG&E Loan	1,947	4,869	-60.01%
Clean Water State Revolving Fund Loan	4,863,840	5,020,088	-3.11%
Total outstanding long-term debt	<u>\$ 7,731,361</u>	<u>\$ 8,126,503</u>	-4.86%

Additional detail and information on long-term debt activity is described in the notes to the financial statements, Note 6.

GENERAL FUND BUDGETARY HIGHLIGHTS

Changes from the City's General Fund original budget to the final budget are detailed in the *Required Supplementary Information* section along with a comparison to actual activity for the year ended.

The Fiscal Year 20/21 Budget was adopted under much uncertainty due to COVID-19. At the time of adoption, City revenues were projected to be \$3.7 million or 15% less than the prior year. Expenditures were also initially reduced by \$3.6 million or 13.7% to assist with projected budgetary shortfalls. This initially included a 10% furlough for all employees in the first half of the year, with an adjustment to 5% in the second half of the year, as well as minimal Library and Recreation operations.

The City originally estimated that a \$1.8 million drawdown from fund balance was needed to assist with budgetary shortfalls. Due to better than anticipated revenue performance and greater cost savings, the fund balance increased by \$193,914. This is a difference of \$1.97 million, when compared to the original projected deficit. The contributing factors are listed below.

Revenues

The General Fund adopted and final revenue budgets were \$21.2 and \$22.7 million, with actual revenues recorded at \$23.4 million. The overall budgetary difference of \$638,020 was primarily related to greater than

anticipated performance in the sales, franchise, utility users and other tax (property transfer taxes) of \$857,000; and \$160,000 in growth in the Charges for Services category that was largely driven by increased use of building and planning services and parking meters. This amount was offset by decreases including intergovernmental revenues, which included \$361,000 in grant funding that was incorporated into the Fiscal Year 21/22 Budget, as well as a net increase of \$54,000 in various other categories.

The \$131,119 in transfers from the Coronavirus Relief Fund reflects reimbursements for General Fund operating expenditures.

Expenditures

The General Fund adopted expenditure budget was \$22.2 million and the final budget was \$23.6 million. The actual expenditures totaled \$22.5 million, which resulted in a net difference of \$1.1 million. This budgetary variance consisted of approximately \$677,000 in contracts, \$292,000 in supplies and miscellaneous items; and \$131,000 in technology related purchases. Approximately \$143,000 of these expenditures were carried forward into Fiscal Year 21/22.

The \$760,000 in transfers-out represents \$500,000 in funding for capital improvement projects, transfers of \$210,000 to the Public Safety Augmentation Fund to support emergency communication center services; and a \$50,000 transfer to the City's new Small Business Assistance Program which was initially established to provide economic relief to local businesses that were impacted by the pandemic.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Pacific Grove's Fiscal Year 21/22 Budget was developed with conservative optimism. This was primarily due to the availability of the COVID-19 vaccine, continuing signs of economic growth, and a projected desire to resume travel, dining, and shopping activities. Most revenues were projected to be more than 80% of their Fiscal Year 18/19 levels. The Fiscal Year 21/22 General Fund revenues were adopted at \$26.8 million prior to adjustments for one-time revenues; and \$25.2 million net of these adjustments. This can be compared to the prior year Adopted revenues of \$21.3 million prior to adjustments for one-time revenues; and \$21.1 million net of this adjustment.

In Fiscal Year 21/22, the General Fund expenditure budget was adopted at \$26.7 million, which represents an increase of \$3.8 million more than the prior year Adopted Budget of \$22.9. This increase primarily reflects eliminating the furlough, reinstatement of positions, and rising unfunded liability costs. Factors that were considered in the development of the Fiscal Year 21/22 Budget include:

- A continued "ramp-up" of transient occupancy tax revenues which aligns with projected economic improvements. This represents an increase of approximately \$1 million or 27.2%, when compared to the prior year Adopted Budget.
- A property growth rate of 3.75% on real property and supplemental property assessments
- Sales tax revenues are projected to increase by 20.5% or \$698,000 when compared to the prior year adopted budget. This was based on current revenue patterns, as well as consultation with the City's sales tax consultant.

- Decreased overall or fluctuating unemployment, with consideration given for both local and State increases in discretionary spending.
- Review of the CalPERS Retirement System's actuarially determined rates which include an increase of \$477,000 in unfunded liability payments.
- Elimination of the 5%-10% furlough for all employee groups that was enacted in the prior fiscal year; restoring all frozen positions; and reinstating the use of seasonal and on-call staff.
- Inclusion of \$1.45 million in estimated American Rescue Plan Act (ARPA) Funds; and \$181,000 in a Library bequest to assist in restoring staffing and program levels.
- A net positive contribution to fund balance of \$181,000.
- The estimated Fiscal Year 21/22 ending unassigned General Fund balance of \$8.0 million was prepared prior to receiving the actual Fiscal Year 20/21 data. When this actual information is applied to the Fiscal Year 21/22 Adopted revenues and expenditures, the revised ending unassigned fund balance is estimated to be \$10.1 million, which places the General Fund balance above the reserve policy levels.

The City prepares multi-year and capital improvement projections to facilitate long-term planning. To assist in funding the City's Strategic Goals and bridging potential funding gaps, the City placed an initiative, Measure L, on the November 2020 ballot to increase the sales tax rate from 8.75% to 9.25%; or an additional 0.50%. While this measure was approved by voters, there was an issue within the ordinance which hindered it from being implemented by the State. After evaluating legal options, the City approved placing a new sales tax initiative on the April 2022 Special Election ballot. This measure is anticipated to generate \$1.1 million in additional general fund revenues. The projected funds from this proposed tax measure were not included in the Fiscal Year 21/22 Adopted Budget.

Additional information related to the projected economic impact of COVID-19 on City finances, as well as the proposed revenue measure is included in the Transmittal Section of this document

Request for Financial Information

This financial report is designed to provide a general overview of the City of Pacific Grove's finances for all of Pacific Grove's residents, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Finance at 300 Forest Avenue, Pacific Grove, CA 93950, or visit the City of Pacific Grove webpage at www.cityofpacificgrove.org.



BASIC FINANCIAL STATEMENTS

This page is intentionally blank

City of Pacific Grove
Statement of Net Position
June 30, 2021

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 13,045,168	\$ 5,136,930	\$ 18,182,098
Restricted cash and investments	35,000	296,448	331,448
Receivables:			
Taxes	2,170,860	-	2,170,860
Accounts	5,027,532	785,334	5,812,866
Interest	4,421	-	4,421
Interfund receivables (payables)	257,593	(257,593)	-
Other assets	8,781	-	8,781
Total Current Assets	<u>20,549,355</u>	<u>5,961,119</u>	<u>26,510,474</u>
Noncurrent Assets:			
Loans receivable	1,620,050	124,341	1,744,391
Intangible assets	7,846,401	-	7,846,401
Capital Assets:			
Nondepreciable	8,049,660	4,747,657	12,797,317
Depreciable, net of accumulated depreciation	29,974,605	24,607,584	54,582,189
Total Capital Assets - Net	<u>38,024,265</u>	<u>29,355,241</u>	<u>67,379,506</u>
Total Noncurrent Assets	<u>47,490,716</u>	<u>29,479,582</u>	<u>76,970,298</u>
Total Assets	<u>\$ 68,040,071</u>	<u>\$ 35,440,701</u>	<u>\$ 103,480,772</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Adjustments	\$ 939,502	\$ -	\$ 939,502
Pension Adjustments	8,340,396	362,466	8,702,862
Total Deferred outflows of Resources	<u>\$ 9,279,898</u>	<u>\$ 362,466</u>	<u>\$ 9,642,364</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 1,373,835	\$ 111,138	\$ 1,484,973
Deposits and other liabilities	32,863	-	32,863
Interest payable	583,000	64,730	647,730
Unearned revenues	7,851,492	10,000	7,861,492
Claims payable - current portion	254,029	-	254,029
Compensated absences - current portion	335,606	31,042	366,648
Long-term debt - due within one year	2,298,414	405,142	2,703,556
Total Current Liabilities	<u>12,729,239</u>	<u>622,052</u>	<u>13,351,291</u>
Noncurrent Liabilities:			
Long-term debt - due in more than one year	8,585,752	7,326,219	15,911,971
Claims payable	508,821	-	508,821
Compensated absences	1,006,816	93,124	1,099,940
Net pension liability	44,067,282	1,915,120	45,982,402
Net OPEB liability	5,146,392	-	5,146,392
Total Noncurrent Liabilities	<u>59,315,063</u>	<u>9,334,463</u>	<u>68,649,526</u>
Total Liabilities	<u>\$ 72,044,302</u>	<u>\$ 9,956,515</u>	<u>\$ 82,000,817</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB Adjustments	\$ 215,016	\$ -	\$ 215,016
Pension Adjustments	2,116,411	91,975	2,208,386
Total Deferred Inflows of Resources	<u>\$ 2,331,427</u>	<u>\$ 91,975</u>	<u>\$ 2,423,402</u>
NET POSITION			
Net investment in capital assets	\$ 37,925,984	\$ 21,623,880	\$ 59,549,864
Restricted for:			
Social service programs	748,183	-	748,183
Public safety	764,767	-	764,767
Community development	4,823,437	-	4,823,437
Street improvements	1,292,481	-	1,292,481
Debt service	-	296,448	296,448
Total Restricted	<u>7,628,868</u>	<u>296,448</u>	<u>7,925,316</u>
Unrestricted	<u>(42,610,612)</u>	<u>3,834,349</u>	<u>(38,776,263)</u>
Total Net Position	<u>\$ 2,944,240</u>	<u>\$ 25,754,677</u>	<u>\$ 28,698,917</u>

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues					Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Primary Government:								
Governmental Activities:								
General government	\$ 3,957,697	\$ 1,474,806	\$ -	\$ -	\$ 1,474,806	\$ (2,482,891)		\$ (2,482,891)
Public safety	12,345,886	25,410	310,845	-	336,255	(12,009,631)		(12,009,631)
Public works	4,916,879	1,649	579,085	4,715,110	5,295,844	378,965		378,965
Recreation	765,613	295,233	34	-	295,267	(470,346)		(470,346)
Library	864,956	34,477	310,202	-	344,679	(520,277)		(520,277)
Museum	262,137	-	120	-	120	(262,017)		(262,017)
Community development	3,340,137	939,297	-	-	939,297	(2,400,840)		(2,400,840)
Interest and fiscal charges	676,055	-	-	-	-	(676,055)		(676,055)
Total Governmental Activities	\$ 27,129,360	\$ 2,770,872	\$ 1,200,286	\$ 4,715,110	\$ 8,686,268	(18,443,092)		(18,443,092)
Business-Type Activities:								
Cemetery	\$ 498,927	\$ 634,039	\$ -	\$ -	\$ 634,039		\$ 135,112	135,112
Sewer	2,178,853	3,501,697	9,800	-	3,511,497		1,332,644	1,332,644
Local water project	881,378	597,835	-	-	597,835		(283,543)	(283,543)
Golf	342,872	361,704	-	-	361,704		18,832	18,832
Total Business-Type Activities	\$ 3,902,030	\$ 5,095,275	\$ 9,800	\$ -	\$ 5,105,075		1,203,045	1,203,045
General Revenues:								
Taxes:								
Property taxes						8,191,673	-	8,191,673
Sales and use taxes						5,000,873	-	5,000,873
Franchise and other taxes						1,392,700	-	1,392,700
Transient occupancy taxes						3,978,577	-	3,978,577
Utility users taxes						1,858,652	-	1,858,652
Business license tax						361,674	-	361,674
Other taxes						222,242	-	222,242
Total taxes						21,006,391	-	21,006,391
Investment earnings						22,612	4,852	27,464
Other revenues						854,336	32,191	886,527
Total General revenues						21,883,339	37,043	21,920,382
Change in Net Position						3,440,247	1,240,088	4,680,335
Net Position - Beginning of Year						(496,007)	24,514,589	24,018,582
Net Position - End of Year						<u>\$ 2,944,240</u>	<u>\$ 25,754,677</u>	<u>\$ 28,698,917</u>

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds					
	General Fund	ASBS Grant Fund	CDBG Grant Fund	Capital Improvement Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 4,101,298	\$ -	\$ 233,156	\$ -	\$ 7,283,027	\$ 11,617,481
Receivables:						
Taxes	1,917,738	-	-	-	158,925	2,076,663
Accounts	462,266	\$ 3,327,256	-	1,043,354	194,656	5,027,532
Interest	4,421	-	-	-	-	4,421
Due from other funds	4,010,187	-	-	-	-	4,010,187
Advances to other funds	77,400	-	-	-	-	77,400
Loans receivable	-	-	966,783	-	653,267	1,620,050
Total assets	\$ 10,573,310	\$ 3,327,256	\$ 1,199,939	\$ 1,043,354	\$ 8,289,875	\$ 24,433,734
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 527,907	\$ 4,397	\$ -	\$ 331,532	\$ 460,720	\$ 1,324,556
Deposits and other liabilities	32,863	-	-	-	-	32,863
Due to other funds	-	3,331,208	-	491,799	-	3,823,007
Unearned revenues	4,892	-	966,783	-	653,466	1,625,141
Total liabilities	565,662	3,335,605	966,783	823,331	1,114,186	6,805,567
Fund Balances:						
Nonspendable						
Permanent funds	-	-	-	-	3,190,775	3,190,775
Restricted:						
Social service programs	-	-	-	-	748,183	748,183
Public safety	-	-	-	-	764,767	764,767
Community development	-	-	233,156	220,023	1,179,483	1,632,662
Street improvements	-	-	-	-	1,292,481	1,292,481
Assigned:						
Social service programs	97,042	-	-	-	-	97,042
Unassigned	9,910,606	(8,349)	-	-	-	9,902,257
Total fund balances	10,007,648	(8,349)	233,156	220,023	7,175,689	17,628,167
Total liabilities and fund balances	\$ 10,573,310	\$ 3,327,256	\$ 1,199,939	\$ 1,043,354	\$ 8,289,875	\$ 24,433,734

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total Fund Balances - Total Governmental Funds \$ 17,628,167

Amounts reported for governmental activities in the statement of net position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Capital assets	63,077,562
Less: accumulated depreciation	(25,053,297)
Total Capital Assets	<u>38,024,265</u>

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (583,000)

Internal service funds are used by management to charge the costs of stores, vehicle maintenance and various insurance costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. 187,770

The differences from benefit plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows or deferred outflows of resources in the statement of net position. 6,857,635

Liabilities were reported for certain revenues that were not available to pay current period expenditures and were reported as unearned in the fund statements. 1,620,050

Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Long-term debt	(10,884,166)
Compensated absences	(1,335,968)
Net pension liability	(43,424,121)
Net OPEB liability	(5,146,392)
Total Long-Term Obligations	<u>(60,790,647)</u>

Net Position of Governmental Activities \$ 2,944,240

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds					
	General	ASBS	CDBG	Capital	Other	Total
	Fund	Grant	Grant	Improvement	Governmental	Governmental
	Fund	Fund	Fund	Projects	Funds	Funds
	Fund	Fund	Fund	Fund	Funds	Funds
REVENUES						
Taxes:						
Property taxes	\$ 8,191,673	\$ -	\$ -	\$ -	\$ -	\$ 8,191,673
Sales and use taxes	4,060,855	-	-	-	940,018	5,000,873
Franchise and other taxes	1,342,324	-	-	-	50,376	1,392,700
Transient occupancy taxes	3,666,440	-	-	-	312,137	3,978,577
Utility users taxes	1,858,652	-	-	-	-	1,858,652
Business license tax	337,722	-	-	-	23,952	361,674
Other taxes	222,242	-	-	-	-	222,242
Intergovernmental revenues	116,159	3,349,511	-	1,031,954	822,590	5,320,214
License, permits and impact fees	873,727	-	-	-	-	873,727
Fines and forfeitures	36,984	-	-	-	-	36,984
Charges for services	1,538,638	-	-	-	78,544	1,617,182
Interest, rents and concessions	213,705	-	11,469	1,435	33,399	260,008
Contributions	-	-	-	333,646	-	333,646
Other revenues	909,176	4,073	96,963	-	257,422	1,267,634
Total Revenues	23,368,297	3,353,584	108,432	1,367,035	2,518,438	30,715,786
EXPENDITURES						
Current:						
General government	3,371,109	-	-	24,186	57,398	3,452,693
Public safety:						
Police	6,409,747	-	-	-	550,187	6,959,934
Fire	3,814,831	-	-	-	8,287	3,823,118
Public works	3,217,084	-	-	-	294,246	3,511,330
Recreation	588,242	-	-	-	8,171	596,413
Library	726,375	-	-	35,383	4,984	766,742
Museum	227,862	-	-	-	-	227,862
Community development	2,046,290	-	308,947	-	612,297	2,967,534
Capital outlay	43,517	3,353,821	-	2,229,811	1,236,433	6,863,582
Debt service						
Principal	924,776	-	-	-	-	924,776
Interest and fiscal charges	1,175,669	-	-	-	-	1,175,669
Total Expenditures	22,545,502	3,353,821	308,947	2,289,380	2,772,003	31,269,653
Excess (Deficiency) of						
Revenues over Expenditures	822,795	(237)	(200,515)	(922,345)	(253,565)	(553,867)
OTHER FINANCING SOURCES (USES)						
Transfers in	131,119	-	-	500,001	268,742	899,862
Transfers out	(760,000)	-	-	-	(139,862)	(899,862)
Total Other Financing Sources (Uses)	(628,881)	-	-	500,001	128,880	-
Net Change in Fund Balances	193,914	(237)	(200,515)	(422,344)	(124,685)	(553,867)
Fund Balances Beginning	9,813,734	(8,112)	433,671	642,367	7,300,374	18,182,034
Fund Balances Ending	\$ 10,007,648	\$ (8,349)	\$ 233,156	\$ 220,023	\$ 7,175,689	\$ 17,628,167

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (553,867)

Amounts reported for governmental activities in the Statement of Activities and Changes
in net position were different because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide
Statement of Activities and Changes in net position, the cost of those assets was allocated over
their estimated useful lives as depreciation expense.

Capital outlay	6,901,135
Depreciation expense	(1,571,180)

Internal service funds are used by management to charge the costs of stores,
vehicle maintenance, and various insurance costs to individual funds. The net revenue
or (excess expenses) of the internal service funds is reported with government activities. (615,586)

Certain revenues were not recorded or recorded as unearned revenue in the governmental funds
because they did not meet the revenue recognition criteria of availability. However, they were
included as revenue in the Government-Wide Statement of Activities under the full accrual basis. (147,375)

Long-term compensated absences and claims payables were reported in the Government-Wide
Statement of Activities, but they did not require the use of current financial resources and were not
reported as expenditures in governmental funds. (163,118)

Compensated absences

In governmental funds, actual contributions to benefit plans are reported as expenditures in the year
incurred. However, in the government-wide statement of activities, only the current year benefit
expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred
inflows and outflows of resources. (1,523,553)

Repayment of long-term debt was an expenditure in governmental funds, but the repayment
reduced long-term liabilities in the Government-Wide Statement of Net Position. 924,777

Certain expenses reported in the statement of activities do not require the use of current
financial resources and are not reported as expenditures in the fund statements as follows:
Other postemployment benefits (310,598)

Interest expense on long-term debt was reported in the Government-Wide Statement of
Activities and Changes in net position, but it did not require the use of current financial
resources. Therefore, interest expense was not reported as expenditures in governmental
funds. The following amount represented the net change in accrued interest from and
accreted interest from prior year. 499,614

Change in Net Position of Governmental Activities	\$ 3,440,249
--	---------------------

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund	Total Enterprise Funds	
ASSETS						
Current assets:						
Cash and investments	\$ 365,777	\$ -	\$ 4,771,153	\$ -	\$ 5,136,930	\$ 1,427,687
Restricted cash and investments	-	-	296,448	-	296,448	35,000
Accounts receivable	-	137,610	619,526	28,198	785,334	94,197
Other assets	-	-	-	-	-	8,781
Total current assets	365,777	137,610	5,687,127	28,198	6,218,712	1,565,665
Non-current assets:						
Advances to other funds	-	-	600,000	-	600,000	-
Loans receivable	-	-	64,341	60,000	124,341	-
Property, plant and equipment - net	508,383	6,828,990	17,064,244	4,953,624	29,355,241	-
Total non-current assets	508,383	6,828,990	17,728,585	5,013,624	30,079,582	-
Total assets	\$ 874,160	\$ 6,966,600	\$ 23,415,712	\$ 5,041,822	\$ 36,298,294	\$ 1,565,665
DEFERRED OUTFLOWS OF RESOURCES						
Pension adjustments	\$ 67,977	\$ -	\$ 294,489	\$ -	\$ 362,466	\$ 121,728
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 9,263	\$ 39,955	\$ 61,677	\$ 243	\$ 111,138	\$ 49,279
Unearned revenue	-	-	-	10,000	10,000	-
Due to other funds	-	134,342	-	45,851	180,193	6,987
Accrued interest	-	20,266	6,420	38,044	64,730	-
Claims payable - current	-	-	-	-	-	254,029
Compensated absences - current portion	3,576	-	27,466	-	31,042	1,614
Long-term debt - due within one year	-	157,810	62,629	184,703	405,142	-
Total current liabilities	12,839	352,373	158,192	278,841	802,245	311,909
Non-current liabilities:						
Long-term debt - due in more than one year	-	4,706,030	703,944	1,916,245	7,326,219	-
Advances from other funds	-	600,000	-	77,400	677,400	-
Claims payable	-	-	-	-	-	508,821
Net pension liabilities	359,162	-	1,555,958	-	1,915,120	643,161
Compensated absences	10,727	-	82,397	-	93,124	4,840
Total non-current liabilities	369,889	5,306,030	2,342,299	1,993,645	10,011,863	1,156,822
Total liabilities	\$ 382,728	\$ 5,658,403	\$ 2,500,491	\$ 2,272,486	\$ 10,814,108	\$ 1,468,731
DEFERRED INFLOWS OF RESOURCES						
Pension adjustments	\$ 17,248	\$ -	\$ 74,727	\$ -	\$ 91,975	\$ 30,892
NET POSITION						
Net Investment in capital assets	\$ 508,383	\$ 1,965,150	\$ 16,297,671	\$ 2,852,676	\$ 21,623,880	\$ -
Restricted for debt service	-	-	296,448	-	296,448	-
Unrestricted	33,778	(656,953)	4,540,864	(83,340)	3,834,349	187,770
Total net position	\$ 542,161	\$ 1,308,197	\$ 21,134,983	\$ 2,769,336	\$ 25,754,677	\$ 187,770

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund	Total Enterprise Funds	Activities - Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 613,353	\$ 597,835	\$ 3,501,697	\$ -	\$ 4,712,885	\$ 1,156,851
Rents and concessions	20,686	-	-	361,704	382,390	-
Other	-	-	28,081	4,110	32,191	-
Total operating revenues	<u>634,039</u>	<u>597,835</u>	<u>3,529,778</u>	<u>365,814</u>	<u>5,127,466</u>	<u>1,156,851</u>
OPERATING EXPENSES						
Contractual services and utilities	251,902	478,926	598,315	92,524	1,421,667	1,415,215
Personnel	173,942	-	824,240	-	998,182	358,417
Supplies and materials	32,104	41,842	325,458	-	399,404	-
Depreciation	40,745	310,409	405,121	162,434	918,709	-
Total operating expenses	<u>498,693</u>	<u>831,177</u>	<u>2,153,134</u>	<u>254,958</u>	<u>3,737,962</u>	<u>1,773,632</u>
Operating income (loss)	<u>135,346</u>	<u>(233,342)</u>	<u>1,376,644</u>	<u>110,856</u>	<u>1,389,504</u>	<u>(616,781)</u>
NONOPERATING REVENUES(EXPENSES)						
Intergovernmental	-	-	9,800	-	9,800	-
Investment earnings	(710)	-	3,312	2,250	4,852	1,195
Interest expense	(234)	(50,201)	(25,719)	(87,914)	(164,068)	-
Total nonoperating revenues(expenses)	<u>(944)</u>	<u>(50,201)</u>	<u>(12,607)</u>	<u>(85,664)</u>	<u>(149,416)</u>	<u>1,195</u>
Income (loss) before operating transfers	<u>134,402</u>	<u>(283,543)</u>	<u>1,364,037</u>	<u>25,192</u>	<u>1,240,088</u>	<u>(615,586)</u>
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>134,402</u>	<u>(283,543)</u>	<u>1,364,037</u>	<u>25,192</u>	<u>1,240,088</u>	<u>(615,586)</u>
Total net position - beginning	<u>407,759</u>	<u>1,591,740</u>	<u>19,770,946</u>	<u>2,744,144</u>	<u>24,514,589</u>	<u>803,356</u>
Total net position - ending	<u>\$ 542,161</u>	<u>\$ 1,308,197</u>	<u>\$ 21,134,983</u>	<u>\$ 2,769,336</u>	<u>\$ 25,754,677</u>	<u>\$ 187,770</u>

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund	Total Enterprise Funds	Activities - Internal Service Funds
Cash flows from operating activities:						
Receipts from customers and users	\$ 634,039	\$ 597,835	\$ 4,104,645	\$ 396,897	\$ 5,733,416	\$ -
Receipts from interfund services provided	-	-	-	-	-	1,062,762
Payments for contractual services and utilities	(254,170)	(478,926)	(1,066,654)	(92,281)	(1,892,031)	(1,455,238)
Payments to suppliers	(32,104)	(41,842)	(325,458)	-	(399,404)	-
Payments to employees	(159,051)	-	(763,373)	-	(922,424)	(374,424)
Net cash provided (used) by operating activities	188,714	77,067	1,949,160	304,616	2,519,557	(766,900)
Cash flows from noncapital financing activities:						
Payments from other governments	-	(74,088)	9,800	-	(64,288)	-
Interfund transactions	-	179,829	(600,000)	(31,848)	(452,019)	6,987
Net cash provided (used) by noncapital financing activities	-	105,741	(590,200)	(31,848)	(516,307)	6,987
Cash flows from capital financing activities:						
Purchases (sales) of property, plant and equipment - net	-	3,375	(4,675,748)	-	(4,672,373)	-
Principal payments on long-term debt - net	-	(156,248)	(60,914)	(177,980)	(395,142)	-
Interest paid on long-term debt	(234)	(29,935)	(27,203)	(97,038)	(154,410)	-
Net cash provided (used) by capital financing activities	(234)	(182,808)	(4,763,865)	(275,018)	(5,221,925)	-
Cash flows from investing activities:						
Receipts from (payments on) loans receivable	-	-	17,910	-	17,910	-
Investment income received	(710)	-	3,312	2,250	4,852	1,195
Net cash provided (used) by investing activities	(710)	-	21,222	2,250	22,762	1,195
Net increase (decrease) in cash and cash equivalents	187,770	-	(3,383,683)	-	(3,195,913)	(758,718)
Cash and cash equivalents - beginning	178,007	-	8,451,284	-	8,629,291	2,221,405
Cash and cash equivalents - ending	\$ 365,777	\$ -	\$ 5,067,601	\$ -	\$ 5,433,378	\$ 1,462,687
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 135,346	\$ (233,342)	\$ 1,376,644	\$ 110,856	\$ 1,389,504	\$ (616,781)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	40,745	310,409	405,121	162,434	918,709	-
Change in operating assets and liabilities:						
Accounts receivables	-	-	574,867	21,083	595,950	(94,089)
Other assets	-	-	-	-	-	(6,558)
Deferred outflows of resources	(1,926)	-	(8,344)	-	(10,270)	(3,449)
Accounts payable	(2,268)	-	(468,339)	243	(470,364)	(33,465)
Unearned revenue	-	-	-	10,000	10,000	-
Claims payable	-	-	-	-	-	(39,685)
Deferred inflows of resources	(10,923)	-	(47,319)	-	(58,242)	(19,557)
Net pension liabilities	25,450	-	110,254	-	135,704	45,572
Compensated absences	2,290	-	6,276	-	8,566	1,112
Net cash provided (used) by operating activities	\$ 188,714	\$ 77,067	\$ 1,949,160	\$ 304,616	\$ 2,519,557	\$ (766,900)

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Pacific Grove, California, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Pacific Grove, California is primarily a residential community located at the tip of the Monterey Peninsula on the Central California coast. The community was founded as a Methodist Church summer retreat, and was incorporated as a city on July 16, 1889. It was granted a charter by the State on April 22, 1927. The city operates under a council-manager form of government. The seven-member City Council appoints a City manager, who is the administrative head of the municipal government. City amenities include a library, natural history museum, a community center, a youth center, a senior center, a golf course, a cemetery, sewer services, a monarch butterfly sanctuary and habitat preserve and general administration services.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City Council acts as the governing board. In addition, the City staff performs all administrative and accounting functions for these entities and these entities provide their services entirely to the City. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the City. Each blended component unit has a June 30 year-end. The City had no component units as of June 30, 2021.

The City applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-December 31, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before December 31, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

City of Pacific Grove

Notes to the Basic Financial Statements

June 30, 2021

Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a *Statement of Net Position* and a *Statement of Activities and Changes in Net Position*. These statements present summaries of governmental and business-type activities for the City. Fiduciary activities of the City are not included in these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources (including capital assets, as well as infrastructure assets, and long-term liabilities), are included in the accompanying *Statement of Net Position*. The *Statement of Activities* presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. In conformity with the City's indirect cost allocation plan, certain indirect costs are included in the program expense reported for individual functions and activities. Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in-regards-to interfund activities, payables, and receivables. All internal balances in the *Statement of Net Position* have been eliminated. Interfund services provided and used are not eliminated in the process of consolidation. The following interfund activities have been eliminated:

- Transfers in/Transfers out
- Internal Service Fund charges

Governmental Fund Financial Statements

Governmental fund financial statements include a *Balance Sheet* and a *Statement of Revenues, Expenditures and Changes in Fund Balances* for all major governmental funds and non-major funds

City of Pacific Grove

Notes to the Basic Financial Statements

June 30, 2021

aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balances* present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Fines, forfeitures, licenses and permits and parking meter revenues are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

The following funds are major funds:

General Fund

The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the City, such as police and fire protection, planning and general administrative services.

ASBS Grant Fund

This fund accounts for grants from the State Water Resources Control Board and expenditures related to discharge prohibition in and around the ocean..

Community Development Block Grant Fund

This special revenue fund was established to account for amounts received from Community Development Block Grants and for the loan and administrative activities of the City's various CDBG grants.

Capital Improvement Projects Fund

This Capital Improvement Projects Fund accounts for capital projects funded fully or in part by discretionary General Fund revenues. These projects are distinct from projects funded by the self-supporting Enterprise Funds or Special Revenue Funds.

City of Pacific Grove

Notes to the Basic Financial Statements

June 30, 2021

Additionally, the City reports the following nonmajor fund types of governmental funds:

Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to specific purposes other than debt service or capital projects.

Debt Service Funds

Debt service funds account for the accumulation of resources for, and payment on, long-term obligation debt principal and interest.

Capital Project Funds

Capital project funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets in governmental funds.

Permanent Funds

Permanent funds account for and report financial resources for the principal corpus of endowments where only the investment earnings can be spent on specified purposes. The City is the beneficiary of several trusts for its citizens that are classified as permanent funds as follows:

Library Endowment Trust. - established to finance the purchase of additional books and materials for the library. As of June 30, 2021, the amount of appreciation on investments available for expenditure was \$38,479 and available amounts were reported as nonspendable fund balances and restricted net position.

Cemetery Endowment Care Trust - which accounts for "Endowment Care" revenues received in trust for the care of decedents' graves. As of June 30, 2021, the amount of appreciation on investments available for expenditure was \$268,199 and available amounts were reported as nonspendable fund balances and restricted net position.

Lawrence and Millie Yount Trust - established in 1992, in the amount of approximately \$900,000 including the Yount's residence. The income from this Trust may be expended for the beautification of the City and for minor improvements on the educational and/or recreational facilities maintained by the City. As of June 30, 2021, the amount of appreciation on investments available for expenditure was \$0 and available amounts were reported as nonspendable fund balances and restricted net position.

In California, UPMIFA allows endowment funds to be appropriated for expenditure, or accumulated, as determined to be prudent for the purposes for which the fund was established. The primary objective of the City's policy for authorizing and spending investment income is to allocate, in a reasonable and balanced manner, the total earnings from an endowment between current spending and reinvestment for future earnings and expenditures, with the goal of maintaining or enhancing the purchasing power of the endowment.

In addition, the City is the beneficiary of the Bertha L. Strong Trust, established in 1956. Under its terms, the principal of the Trust may only be used for the construction of a new City Hall or the expansion of certain City facilities used for education or recreation, except those usually authorized to be constructed or expanded by taxing, bonding or assessing. Trust income may only be used for beautification of the City, and is released by the Trustee only on application by the City. Since neither the principal nor the income of the Trust are under the control of the City, these amounts are not reflected in these financial

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

statements and amounts received are reported as revenue when received from the Trustee. The fair value balance held by the Trustee at June 30, 2021 was \$1,045,439.

Proprietary Funds

In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the “economic resources measurement focus”. This means all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources associated with their activities are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the internal service funds financial statements.

The City has the following enterprise funds that have been reported as major:

Cemetery Fund

The Cemetery Fund accounts for revenues and expenses of the City's cemetery.

Local Water Project Fund

The Local Water Project Fund accounts for revenues and expenses related to the reclamation plant's operation, treatment, and sale of recycled water.

Sewer Fund

The Sewer Fund accounts for revenues and expenses of the City's sewer operations.

Golf Course Fund

The Golf Course Fund accounts for revenues related to concessionaire leases for the golf course driving range, club house, pro shop, and restaurant; and any agreed upon expenses, property improvement costs, and debt service.

The City's internal service funds are proprietary funds. Internal service funds account for charges to City departments for services provided, on a cost reimbursement basis, in the following areas: health insurance, workers compensation, insurance, and liability insurance.

B. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements, if

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

applicable, for Deposits and Investment Risks in the following areas: Interest Rate Risk, Overall Credit Risk, Custodial Credit Risk, Concentrations of Credit Risk, and Foreign Currency Risk.

Other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures. The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

C. Interfund Receivables and Payables

Items classified as interfund receivables/payables are referred to as “advances to/advances from other funds” or as “due to/from other funds”. Due to/from other funds include short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund. Advances to/advances from other funds represents non-current portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation.

D. Receivables

Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. The Sewer customers are billed every other month by a separate government agency which forwards the collections to the City. Revenues earned but not collected by year-end are accrued. No allowance for uncollectible accounts receivable has been provided as management has determined that uncollectible accounts have historically been immaterial and the direct write-off method does not result in a material difference from the allowance method.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

E. Loans Receivable

Under the City's housing assistance program, loans are made to qualified individuals and businesses within prescribed project areas for the purpose of housing acquisition, housing rehabilitation and/or economic development. The majority of these loans are on a deferred payback program. Repayments of the outstanding loans are classified as a revenue source in the applicable funds. The long-term portion of loans receivable has been offset by *Unearned Revenues* in the accompanying financial statements, as applicable. The City also offers Sewer Lateral Replacement Loans to homeowners. The disbursement of loans are recorded as expenditures at the time of a loan and the repayment of principal and interest is deferred until the property is sold.

F. Capital Assets

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold is met.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. All assets, including land, buildings, machinery and equipment, with an original cost in excess of \$5,000 and a useful life of one year or more will be subject to capitalization. Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Interest is capitalized on the construction or acquisition of major assets using debt proceeds. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the year ended June 30, 2021. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	100 Years
Machinery and equipment	5 Years
Furniture and fixtures	5 Years
Improvements other than buildings	3 Years
Sidewalks, curb, gutters and streets	20-50 Years
Traffic signals	15 Years
Street signs	15 Years
Storm Drains	20-50 Years
Park equipment	10-50 Years

G. Deferred Outflows/Deferred Inflows

Deferred outflows of resources are a consumption of net assets by the City that is applicable to a future reporting period; for example, prepaid items and deferred charges. Deferred inflows of resources are an

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

acquisition of net assets by the City that is applicable to a future reporting period; for example, unavailable revenue and advance collections.

Interest Payable

In the government-wide financial statements, interest payable of long-term debt is recognized as an incurred liability for governmental fund types. The City has not allocated the interest on long-term debt to departments. In the fund financial statements, governmental fund types do not recognize the interest payable when the liability is incurred. Interest on long-term debt is recorded in the fund statements when payment is made.

H. Claims Payable

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for general liability and workers' compensation claims. The estimated liability for these claims include "incurred but not reported" (IBNR) claims. There is no fixed payment schedule to pay these liabilities.

I. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored. Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, and death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

J. Compensated Absences

Compensated absences comprise of unpaid vacation and the vested portion of sick leave, which are accrued as earned. The City's liability for the compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absence is determined annually. For all governmental funds, amounts expected to be paid out of current financial resources are recorded in fund liabilities. The long-term portion is recorded in the Statement of Net Position and represents a reconciling item between the fund and government-wide presentations. The following is a summary of the changes in compensated absences for the fiscal year ended June 30, 2021:

Description	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
Compensated Absences					
Government Activities	\$ 1,178,191	\$ 498,223	\$ 333,992	\$ 1,342,422	\$ 335,606
Business-Type Activities	115,600	39,608	31,042	124,166	31,042
Total Comp. Absences	<u>\$ 1,293,791</u>	<u>\$ 537,831</u>	<u>\$ 365,034</u>	<u>\$ 1,466,588</u>	<u>\$ 366,648</u>

Compensated absences and the net OPEB liability are generally liquidated by the General Fund or Proprietary Funds.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

K. Long-Term (Noncurrent) Liabilities

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expensed in year incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Benefit Plans

Pension Expense

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit (OPEB) Expense

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the City's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

L. Fund Balances

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable

Nonspendable fund balance includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted

Restricted fund balance includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed

Committed fund balance includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the City Council.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

Assigned

Assigned fund balance includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the City Council. Council policy dictates that amounts in excess of nonspendable, restricted and committed fund balance in funds other than the General Fund be reported as assigned fund balance.

Unassigned

The Unassigned Fund Balance category represents fund balance which may be held for specific types of uses or stabilization purposes, but is not yet directed to be used for a specific purpose. The detail of amounts reported for each of the above defined fund balance categories is reported in the governmental funds balance sheet and in the combining nonmajor fund balance sheets.

Flow Assumption / Spending Order Policy

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

M. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that are attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position

Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position

This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The detail of amounts reported for each of the above defined net position categories is reported in the government-wide Statement of Net Position.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

Interfund Transactions

Interfund services provided and used are accounted for as revenue, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. All other interfund transactions, except for interfund services provided and used and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers.

N. Property Taxes and Special Assessments

County tax assessments include secured and unsecured property taxes and special assessments. "Unsecured" refers to taxes on personal property. These tax assessments are secured by liens on the property being taxed.

Monterey County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year.

Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year end. Property tax on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

The City is permitted by Article XIII A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100 of full cash value.

O. Budgetary Information

In accordance with applicable sections of the California Government Code and the Pacific Grove Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, specific Special Revenue Funds, and specific Capital Projects Funds.

Budget plans are adopted for Proprietary Funds. A proposed budget is presented to the City Council during May of each year for review. The Council holds public hearings and may add to, subtract from, or change appropriations within the revenues and reserves estimated as available. Expenditures may not legally exceed budgeted appropriations at the fund level. Supplementary appropriations which alter the total expenditures of any fund, or expenditures in excess of total budgeted fund appropriations, must be approved by the City Council.

All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered.

P. Encumbrances

Under encumbrance accounting, purchase orders, contract and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. All appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Q. Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable revenue.

R. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. Implementation of New Accounting Pronouncements

GASB Statement No. 84, "Fiduciary Activities." Issued in January 2017, this statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. The statement is effective beginning fiscal year 2021. The City did not identify any activities that met the definition of a Fiduciary Fund or Component Unit per GASB 84.

T. Upcoming New Accounting Pronouncements

GASB Statement No. 84, Fiduciary Activities

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 87, "Leases." Issued in June 2017, this statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It provides guidance on accounting treatment of lease assets, lease liability, short-term leases, certain regulated leases, measurement for leases other than short-term leases and contracts that transfer ownership, subleases, lease-leaseback transactions, intra-entity leases, and leases between related parties. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 91, "Conduit Debt Obligations." Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 92, "Omnibus 2020." Issued in January 2020, this statement was issued for clarity and consistency by addressing practice issues identified from the implementation and application of certain GASB statements. The statement will be effective beginning fiscal year 2022.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

GASB Statement No. 93, "Replacement of Interbank Offered Rates." Issued in March 2020, this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." Issued in March 2020, this statement is to improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." Issued in May 2020, the statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for governments by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures regarding a SBITA. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." Issued in June 2020, the statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (e.g., certain Section 457 plans), while mitigating the costs associated with reporting those plans. The statement will be effective beginning fiscal year 2022.

NOTE 2 - CASH AND INVESTMENTS

The following summarizes cash and investments as of June 30, 2021:

Cash or Investment Type	Fair Value	Input Levels
Cash on hand	\$ 685	n/a
Deposits with financial institutions	3,501,196	n/a
Local Agency Investment Fund	4,554,246	n/a
Certificates of deposit	8,086,080	Level 1
Government Securities	2,371,339	Level 1
Total cash and investments	18,513,546	
Less: restricted cash	331,448	
Available cash and investments	<u>\$ 18,182,098</u>	

A. Cash Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest, and places the City ahead of general creditors of the institution.

City of Pacific Grove

Notes to the Basic Financial Statements

June 30, 2021

The fair value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The bank balances before reconciling items totaled \$3,662,745 at June 30, 2021 and were different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$3,162,745 which was collateralized by securities held by pledging financial institutions.

B. Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

C. Investment Policies

City Investment Policy

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

- **Certificates of Deposit** - Non-Negotiable Certificates of Deposits will be made only in FDIC or FSLIC insured accounts. For deposits in excess of the insured maximum of \$250,000, approved collateral shall be required in accordance with Government Code 53652 and/or 53651 (m) (1). Investment in these instruments shall be limited to financial institutions that in the Treasurer's judgment are of high quality, and shall not have a term exceeding five years from the date of purchase.
- **Securities of the U.S. Government or its Agencies** - Includes obligations issued by Federal Home Loan Banks, Government National Mortgage Association, Farm Credit System, the Federal Home Loan Bank, Federal Home Loan Mortgage Association, Federal National Mortgage Association, or obligations or other instruments of or issued by a federal agency or a United States Government sponsored enterprise. Investment in these instruments shall not have a term exceeding five years from the date of purchase.
- **Treasury Bills and Notes** - U.S. Treasury Bills, Notes, Bonds, or Certificates of Indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest. The term of such securities shall not exceed five years from the date of purchase.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

- **Local Agency Investment Fund (LAIF)** - Investment of funds in the California LAIF which allows the State Treasurer to invest through the Pooled Money Investment Account (PMIA). Maximum investment is subject to state regulation. LAIF investments are available for City use.
- **Repurchase Agreements** - A purchase of securities by the City pursuant to an agreement by which the seller will repurchase such securities on or before a specified date, or on demand of either party, and for a specified amount. Investments in repurchase agreements will be used solely as short-term investments not to exceed 30 days.
- **Other** - Other investments that are, or may become, legal investments through the State of California Government Code, only with prior approval of the City Council.

Authorized Investments - Debt Trustee Agreements

Investments held by bond fiscal agents (trustees) are governed by the provisions of the underlying indenture agreements rather than the general provisions of the City's investment policy or California Government Code.

The indenture agreements do identify the following permitted investments:

Authorized Investment Type	Maximum Maturity (1)	Maximum Total of Portfolio	Maximum Investment in Anyone Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180	None	None
Commercial Paper	270	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Certificates of Deposits	1 year	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Municipal Bonds	None	None	None

D. External Investment Pool

The City's investments with LAIF at June 30, 2021, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes

These are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities

The bulk of asset-backed securities are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The approved investments policy is listed on the LAIF website, located at <http://www.treasurer.ca.gov/pmia-laif/>.

D. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment's maturity, the greater the sensitivity to changes in market interest rates. It is the City's practice to manage its exposure to interest rate risk is by purchasing a combination of shorter-and-longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for City's operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, S&P 500. As of June 30, 2021, the City's investments were in compliance with the ratings required by the City's investment policy, indenture agreements and Government Code.

Concentrations of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2021, the City had no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represented 5% or more of the total City investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2021, the City's investments had the following maturities and ratings:

Cash or Investment Type	Investment Maturities in Years			Year End Rating		Fair Value
	12 months or less	13 to 36 Months	37 to 60 Months	AA/AAA	Not Rated	
Local Agency Investment Fund (LAIF)	\$ 4,554,246	\$ -	\$ -	\$ -	\$ 4,554,246	\$ 4,554,246
Certificates of deposit	1,247,479	2,811,788	4,026,813	-	8,086,080	8,086,080
Government Securities	1,809,333	-	562,006	2,371,339	-	2,371,339
Total Investments	<u>\$ 7,611,058</u>	<u>\$ 2,811,788</u>	<u>\$ 4,588,819</u>	<u>\$ 2,371,339</u>	<u>\$ 12,640,326</u>	15,011,665
Cash in banks and on hand						3,501,881
Total Cash and Investments						<u>\$ 18,513,546</u>

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

NOTE 3 - INTERFUND TRANSACTIONS

A. Inter-fund Receivables and Payables

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years. As of June 30, 2021, due from and due to other funds consisted of the following:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 4,010,187	\$ -
ASBS Grant Fund	-	3,331,208
Capital Improvement Projects Fund	-	491,799
Local Water Project Fund	-	134,342
Golf Course Fund	-	45,851
Employee Benefit Fund	-	6,987
Total Due From/To	<u>\$ 4,010,187</u>	<u>\$ 4,010,187</u>

As of June 30, 2021, advances to and from other funds consisted of the following:

Fund	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 77,400	\$ -
Sewer Fund	600,000	-
Local Water Project Fund	-	600,000
Golf Course Fund	-	77,400
Total Advances	<u>\$ 677,400</u>	<u>\$ 677,400</u>

B. Transfers In/Out

With Council approval resources may be transferred from one fund to another. Transfers may be made to pay for capital projects or capital outlays, lease or debt service payments, operating expenses and low and moderate-income housing projects. The following summarizes transfers between funds during the fiscal year ended June 30, 2021:

Fund	Transfer in	Transfer out
General Fund	\$ 131,119	\$ 760,000
Capital Improvement Projects Fund	500,001	-
Nonmajor Funds	268,742	139,862
Total Transfers	<u>\$ 899,862</u>	<u>\$ 899,862</u>

NOTE 4 - LOANS RECEIVABLE

Housing Assistance Loans

The City engages in programs designed to encourage construction or improvement in low-to-moderate income housing. Under these programs, loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. Terms include interest rates of three to five percent and deferral of principal and interest payment until the property changes hands. All loans are secured by a deed of trust on the property. Although these loans and notes are

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

expected to be repaid in full, their balances are offset by deferred revenue in the respective governmental funds as they are not expected to be repaid during the current fiscal year. The balance of the loans receivable arising from these programs was \$1,620,050 as of June 30, 2021.

Sewer Lateral Replacement Loans

The City has a Sewer Lateral Repair/Replacement Loan Program to improve sewer lateral lines connected to homeowners' residences. These loans carry an interest rate of three percent per annum. Repayment on loan principal and interest are deferred until the property is sold. All loans are secured by a deed of trust on the property. The balance of these loans receivables from this program was \$64,341 as of June 30, 2021.

Golf Course Equipment Loans

In September of 2014, the City leased its golf course to Pacific Grove Golf, LLC (the Tenant) whereas the Tenant would operate and manage the golf course and pay the City rent. The annual rent is \$300,000, paid monthly through September 30, 2024, and is reported in the City's Golf Course fund. Certain equipment owned by the City was sold to the Tenant as a part of the lease establishing a loan receivable. The balance of the loan receivable from this transaction was \$60,000 as of June 30, 2021.

NOTE 5 - INTANGIBLE ASSETS

The Pacific Grove Local Water Project (PGLWP) began producing recycled water in January 2018. The PGLWP treats wastewater from surrounding homes and businesses; and produces non-potable water to primarily irrigate the City's golf course and cemetery. This new, alternative water source reduced the City's demand for potable water from the California American Water Company (Cal-Am). On January 27, 2016, the Monterey Peninsula Water Management District (MPWMD) approved Ordinance No. 168 to establish the City's water entitlement of 47.88 acre/ft based on the potable water saved by the project. On May 15, 2019, the City adopted Resolution 19-014 to direct the City Manager to sell the 47.88 AF of water entitlements; and reserve 11.5 AF of the entitlement amount for affordable housing. This resolution also authorized a 30% discount to the water entitlement price shown on the City's Master Fee Schedule through December 31, 2021.

The water entitlements were shown on the fee schedule at \$250,000 per AF or \$25,000 for 0.10 AF. This rate was established based on a local market comparison. When the 30% discount is applied to the stated fee, the amount is reduced to \$175,000 an acre foot or \$17,500 for 0.10 AF. The total value of these assets at the 30% discount was \$8,380,400; and was recorded as an intangible asset in the Governmental Activities section of the Statement of Net Position. In Fiscal Year 2020, the City sold approximately 1.26 AF of water entitlements at a value of \$221,201. In Fiscal Year 2021, the City sold approximately 1.78 AF of water entitlements at a value of \$312,798 which was reported in the General Fund as other revenue. The remaining value of the intangible assets reported in the government-wide statement of net position as of June 30, 2021 was \$7,846,401.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

NOTE 6 - CAPITAL ASSETS

Capital assets for governmental activities consisted of the following as of June 30, 2021:

	Balance July 01, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Governmental activities:				
Non-depreciable:				
Land	\$ 2,338,270	\$ -	\$ -	\$ 2,338,270
Construction in Progress	3,489,640	5,262,525	(3,040,775)	5,711,390
Total Non-Depreciable	5,827,910	5,262,525	(3,040,775)	8,049,660
Depreciable:				
Buildings and Improvements	14,742,492	604,291	2,343,169	17,689,952
Infrastructure	30,820,192	970,170	681,285	32,471,647
Machinery and Equipment	4,785,834	64,148	16,321	4,866,303
Total Depreciable	50,348,518	1,638,609	3,040,775	55,027,902
Less Accumulated Depreciation for:				
Buildings and Improvements	(7,776,806)	(531,535)	-	(8,308,341)
Infrastructure	(12,159,197)	(769,680)	-	(12,928,877)
Machinery and Equipment	(3,546,114)	(269,965)	-	(3,816,079)
Total Accumulated Depreciation	(23,482,117)	(1,571,180)	-	(25,053,297)
Total Depreciable Capital Assets - Net	26,866,401	67,429	3,040,775	29,974,605
Total Capital Assets - Net	\$ 32,694,311	\$ 5,329,954	\$ -	\$ 38,024,265

Depreciation expense for governmental activities was charged to the following programs during the year:

General Government	\$ 106,187
Public Safety	317,295
Public Works	999,959
Recreation	100,308
Library	9,649
Museum	7,956
Community Development	29,826
Total depreciation expense	<u>\$ 1,571,180</u>

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

Capital assets for business-type activities consisted of the following as of June 30, 2021:

	Balance July 01, 2020	Additions	Deletions/ Adjustments	Balance June 30, 2021
Business-Type Activities:				
Non-depreciable:				
Land	\$ 362,973	\$ -	\$ -	\$ 362,973
Construction in Progress	947,440	3,608,280	(171,035)	4,384,685
Total Non-Depreciable	1,310,413	3,608,280	(171,035)	4,747,658
Depreciable:				
Buildings and Improvements	9,954,623	-	-	9,954,623
Infrastructure	22,915,921	1,067,470	171,035	24,154,426
Machinery and Equipment	1,477,671	-	-	1,477,671
Total Depreciable	34,348,215	1,067,470	171,035	35,586,720
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,772,984)	(185,127)	-	(4,958,111)
Infrastructure	(4,427,254)	(707,550)	-	(5,134,804)
Machinery and Equipment	(860,190)	(26,032)	-	(886,222)
Total Accumulated Depreciation	(10,060,428)	(918,709)	-	(10,979,137)
Total Depreciable Capital Assets - Net	24,287,787	148,761	171,035	24,607,583
Total Capital Assets - Net	\$ 25,598,200	\$ 3,757,041	\$ -	\$ 29,355,241

NOTE 7 - LONG-TERM DEBT

The City's long-term debt consisted of the following as of June 30, 2021:

Description	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
Governmental Activity Long-Term Debt					
Taxable Pension Obligation Bond	\$ 5,299,340	\$ -	\$ 901,362	\$ 4,397,978	\$ 876,626
Accreted Interest	6,929,521	757,024	1,298,638	6,387,907	1,398,374
Subtotal	12,228,861	757,024	2,200,000	10,785,885	2,275,000
PG&E Loan (Direct Borrowing)	121,696	-	23,415	98,281	23,414
Total Governmental Activities Debt	\$ 12,350,557	\$ 757,024	\$ 2,223,415	\$ 10,884,166	\$ 2,298,414
Business-Type Activity Long Term Debt					
Direct Borrowing:					
2014 Golf Course Site Lease	\$ 2,274,059	\$ -	\$ 175,058	\$ 2,099,001	\$ 182,756
Clean Water State Revolving Fund Loan	5,020,088	-	156,248	4,863,840	157,810
PG&E Loan	4,869	-	2,922	1,947	1,947
Subtotal	7,299,016	-	334,228	6,964,788	342,513
2013 Wastewater Revenue Refunding Bond	827,487	-	60,914	766,573	62,629
Total Business-type Activities Debt	\$ 8,126,503	\$ -	\$ 395,142	\$ 7,731,361	\$ 405,142

Pension Obligation Bond

On June 1, 2006, the City issued Taxable Pension Obligation Bond in the principal amount of \$19,365,355. The bonds were part of the California Statewide Communities Development Authority Taxable Pension Obligation Bonds Program. The purpose of the bond is to provide monies to meet the unfunded accrued actuarial liability ("UAAL") to the California Public Employee's Retirement System

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

("PERS"). Semi-annual payments are due on June 1 and December 1. Interest on the bonds ranges from 5.67% to 6.12% and they mature on June 1, 2029.

The annual debt service requirements were as follows for the Pension Obligation Bond:

Year Ending June 30	Principal	Interest	Total
2022	\$ 876,626	\$ 1,398,374	\$ 2,275,000
2023	849,664	1,495,336	2,345,000
2024	478,599	926,401	1,405,000
2025	464,276	985,725	1,450,001
2026	451,350	1,048,650	1,500,000
2027-2031	1,277,463	3,512,535	4,789,998
Total	<u>\$ 4,397,978</u>	<u>\$ 9,367,021</u>	<u>\$ 13,764,999</u>

PG&E Loan

During the year the City, benefited from the on-bill financing program offered by PG&E, which is a non-interest bearing, reimbursement basis loan to install energy-efficient equipment. Individual PG & E loans have been issued for various City locations. All loans mature beginning on February 15, 2022 and conclude on December 15, 2026. The original loan was \$152,900 with future debt service payments as follows:

Year Ending June 30	Gov't	Business	Total
2022	\$ 23,414	\$ 1,947	\$ 25,361
2023	23,414	-	23,414
2024	20,048	-	20,048
2025	12,562	-	12,562
2026	12,562	-	12,562
2027-2031	6,281	-	6,281
Total	<u>\$ 98,281</u>	<u>\$ 1,947</u>	<u>\$ 100,228</u>

2014 Golf Course Site Lease

The City entered into a \$3,130,505 Site Lease dated September 1, 2014 with Umpqua Bank to Refund the 2014 Golf Course Certificate of Participation. The lease bears interest at 4.35% with debt service payments due on February 1st and August 1st through 2030. The lease is secured by the transfer of property rights to Umpqua Bank and includes a prepayment penalty 1% if paid before February 1, 2020 and .5% if paid before February 1, 2021. The annual debt service requirements were as follows for the 2014 Golf Course Site Lease:

Year Ending June 30	Principal	Interest	Total
2022	\$ 182,756	\$ 89,340	\$ 272,096
2023	190,793	81,304	272,097
2024	199,183	72,914	272,097
2025	207,941	64,156	272,097
2026	217,085	55,012	272,097
2027-2031	1,101,243	123,194	1,224,437
Total	<u>\$ 2,099,001</u>	<u>\$ 485,920</u>	<u>\$ 2,584,921</u>

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

Clean Water State Revolving Fund Loan

In November 2015, the City secured SWRCB funding for the construction of a recycled water treatment plant, sewer diversion structure, waste pump and force main station, user connections and site retrofits. The SWRCB reimbursed the City for project-related expenditures, as incurred, totaling \$5,328,076. The loan will be repaid with interest at 1% per annum. The loan matures on February 1, 2048. The annual debt service requirements were as follows for the Clean Water State Revolving Fund Loan:

Year Ending June 30	Principal	Interest	Total
2022	\$ 157,810	\$ 48,638	\$ 206,448
2023	159,387	47,060	206,447
2024	160,982	45,466	206,448
2025	162,592	43,857	206,449
2026	164,218	42,230	206,448
2027-2031	846,050	186,191	1,032,241
2032-2036	889,207	143,032	1,032,239
2037-2041	934,567	97,674	1,032,241
2040-2044	982,240	50,002	1,032,242
2045-2049	406,787	6,112	412,899
Total	<u>\$ 4,863,840</u>	<u>\$ 710,262</u>	<u>\$ 5,574,102</u>

2013 Wastewater Revenue Refunding Bond

On May 6, 2013, the City issued the 2013 Wastewater Revenue Refunding Bonds in the principal amount of \$1,220,588. The purpose of the bond is to refinance the California State Community Development Authority Series 2001B Revenue Bonds. Semi-annual interest payments are due on April 1 and October 1. Repayments are secured by future sewer service revenues. Interest on the bonds is 3.35% and matures on October 1, 2031. Charges for services reported in the Sewer Fund totaled \$3,501,697 and debt service totaled \$60.914.

The annual debt service requirements were as follows for the 2013 Wastewater Revenue Refunding Bond:

Year Ending June 30	Principal	Interest	Total
2022	\$ 62,629	\$ 25,169	\$ 87,798
2023	64,316	23,035	87,351
2024	65,925	20,888	86,813
2025	70,044	18,645	88,689
2026	71,550	16,264	87,814
2027-2031	389,541	43,777	433,318
2032-2036	42,568	713	43,281
Total	<u>\$ 766,573</u>	<u>\$ 148,491</u>	<u>\$ 915,064</u>

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

The City's total annual debt service requirements are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2022	\$ 900,040	\$ 1,398,374	\$ 405,142	\$ 163,148	\$ 2,866,704
2023	873,078	1,495,336	414,496	151,399	2,934,309
2024	498,647	926,401	426,090	139,269	1,990,407
2025	476,838	985,725	440,577	126,657	2,029,797
2026	463,912	1,048,650	452,853	113,506	2,078,921
2027-2031	1,283,744	3,512,535	2,336,833	353,161	7,486,273
2032-2036	-	-	931,776	143,745	1,075,521
2036-2040	-	-	934,567	97,674	1,032,241
2041-2045	-	-	982,240	50,002	1,032,242
2046-2049	-	-	406,787	6,112	412,899
Total	<u>\$ 4,496,259</u>	<u>\$ 9,367,021</u>	<u>\$ 7,731,361</u>	<u>\$ 1,344,673</u>	<u>\$ 22,939,314</u>

NOTE 8 - RISK MANAGEMENT

Risk Pool Membership

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The Authority arranges and administers programs for the pooling of self-insured losses, purchases excess insurance and reinsurance, and arranges for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Authority's Board of Directors. The Board operates through a nine-member Executive Committee.

Excess Liability Program

Liability coverage includes auto liability, employment practices liability, public officials' errors and omissions, bodily injury, personal injury, third party property damage, advertising injury, and employee benefit administration liability. The City has a retained limit of \$150,000 per occurrence. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Excess Workers' Compensation Program

The City has a retained limit of \$150,000 per occurrence for workers' compensation claims. The Authority's pooled retention is \$1 million per occurrence with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance

The City also participates in the following coverage programs provided by the Authority:

(A) All-Risk Property Protection Program. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

submitted by the City to the Authority. The total insured value of scheduled City property is \$85,346,861. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

(B) Pollution Legal Liability Insurance Program. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

(C) Crime Insurance Program. Formerly called Blanket Fidelity Bond, this policy covers faithful performance, depositor's forgery, theft of money and securities, and computer fraud related to the transfer of money. The policy limit is \$1,000,000, and the deductible is \$2,500.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2020-21.

The following summarizes the change in the estimated liability:

	2021	2020
Claims payable, beginning of year	\$ 802,535	\$ 794,420
Fiscal year claims and changes in estimates	254,029	267,244
Claims payments	(293,714)	(259,129)
Claims payable, end of year	<u>\$ 762,850</u>	<u>\$ 802,535</u>

NOTE 9 - RETIREMENT PLANS

General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous and Safety Employee Pension Plans (the Plans); cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The cost-of-living adjustments for the Plans are applied as specified by the Public Employees' Retirement Law.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous		Safety	
	Tier 1	PEPRA	Tier 1	PEPRA
Hire date	Before 1/1/2013	1/1/2013	Before 1/1/2013	1/1/2013
Benefit formula	2% @ 55	2% @ 62	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	62	50	50
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2%	3%	2.0% to 2.7%
Required employee contribution rates	7.00%	6.75%	9.00%	13.00%
Required employer contribution rates	11.03%	7.73%	23.674%	13.044%

Employees Covered

At June 30, 2021, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety	Total
Active	68	20	88
Transferred	35	23	58
Separated	52	11	63
Retired	137	120	257
Total	292	174	466

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2021, the following contributions were made:

	Employer Contributions
Miscellaneous	\$ 1,515,054
Safety	2,245,341
Total Employer Contributions	<u>\$ 3,760,395</u>

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the City reported is proportionate share of its net pension liability as follows:

	Governmental Activities	Business-Type Activities	Total
Miscellaneous	\$ 16,001,089	\$ 1,915,120	\$ 17,916,209
Safety	28,066,193	-	28,066,193
Total Net Pension Liability	<u>\$ 44,067,282</u>	<u>\$ 1,915,120</u>	<u>\$ 45,982,402</u>

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2020, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plans as of June 30, 2020 and 2021 was as follows:

	Proportion
June 30, 2020	0.4169%
June 30, 2021	0.4226%
Change in Proportions	<u>0.0057%</u>

For the year ended June 30, 2021, the City recognized pension expense of \$5,373,706.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,760,395	\$ -
Changes in assumptions	-	221,275
Differences between expected and actual experiences	3,099,665	-
Change in employer's proportion	700,577	-
Net differences between the employer's contributions the employer's proportionate share of contributions	-	1,987,111
Net differences between projected and actual earnings on plan investments	1,142,226	-
Total	<u>\$ 8,702,863</u>	<u>\$ 2,208,386</u>

The City reported \$3,760,395 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending:	Net Deferred Outflows (Inflows) of Resources
2022	\$ 115,227
2023	1,116,787
2024	941,155
2025	560,913
2026	-
Thereafter	-
Total	<u>\$ 2,734,082</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

- (1) Varies by age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15 percent investment return assumption used in this accounting valuation is net of administrative expenses.

The long-term expected rate of return on pension plan investments was determined using a building-

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses and are summarized as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Infrastructure and Forestland	1.00%	0.00%	-0.92%
Total	100.00%		

- (a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 65,363,743
Current Discount Rate	7.15%
Net Pension Liability	\$ 45,982,402
1% Increase	8.15%
Net Pension Liability	\$ 30,030,314

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The City of Pacific Grove Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the City. The City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act (PEMHCA) for medical benefits. The monthly PEMHCA contribution for each covered employee during calendar year 2020 and 2021 was \$139 and \$143, respectively. All employees become eligible for postretirement medical benefits after five years of employment, meet qualifications for CalPERS retirement, and reach the age of 50. This lifetime benefit is available to all employees and their surviving spouses who elect to buy insurance through any of the available CalPERS medical plans. Retirees must contribute any premium amounts in excess of the City contribution amounts.

The City's previous employee agreements contained a provision to also pay an additional \$150 per month for the first five years after retirement, or until age 65 or date of death, whichever was sooner. Police officers were required to have 20 years of service to receive the five-year benefit. The additional \$150 monthly retirement benefit was terminated for all employees, with the exception of miscellaneous employees who retired prior to January 1, 2017; and Safety employees who retired prior to July 1, 2018.

The City does not currently contribute to an OPEB Trust Fund.

Employees Covered by Benefit Terms

At June 30, 2020 (the valuation date), the benefit terms covered the following employees:

Active employees	87
Inactive employees	134
Total employees	<u>221</u>

Contributions

The City makes contributions based on a pay-as-you go basis as approved by the authority of the City's Board. Total benefit payments included in the measurement period were \$162,898 while actual contributions for the fiscal year were \$170,364. The City's contributions were 2.03% of covered employee payroll during the fiscal year ended June 30, 2021. Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

City of Pacific Grove

Notes to the Basic Financial Statements

June 30, 2021

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry-Age Level Percent of Pay
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	2.21%
Inflation	2.75%
Salary Increases	3.00%
Healthcare Trend Rate	Non-Medicare - 7.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 Experience Study
Retirement	Actives: 60%; Retirees: 100% if covered, 0% re-elect at 65 if waived

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2020 (measurement date) and was determined by an actuarial valuation as of June 30, 2019 (valuation date) for the fiscal year ended June 30, 2021 (reporting date).

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability during the year ended June 30, 2021:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Fiscal Year Ended June 30, 2021			
Balance at June 30, 2020	\$ 4,117,497	\$ -	\$ 4,117,497
Service cost	227,721	-	227,721
Interest in Total OPEB Liability	149,231	-	149,231
Changes in assumptions	814,841	-	814,841
Benefit payments	(162,898)	-	(162,898)
Net changes	1,028,895	-	1,028,895
Balance at June 30, 2021	\$ 5,146,392	\$ -	\$ 5,146,392
Covered Employee Payroll	\$ 8,395,892		
Total OPEB Liability as a % of Covered Employee Payroll	61.30%		
Service Cost as a % of Covered Employee Payroll	2.71%		
Net OPEB Liability as a % of Covered Employee Payroll	61.30%		

The City's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

Deferred Inflows and Outflows of Resources

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 5,044	\$ -
Change in assumptions	764,094	215,016
OPEB contribution subsequent to measurement date	170,364	-
Totals	\$ 939,502	\$ 215,016

Of the total amount reported as deferred outflows of resources related to OPEB, \$170,364 resulting from City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ 102,671
2023	102,671
2024	171,943
2025	168,245
2026	8,592
Thereafter	-
Total	\$ 554,122

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2021:

Service cost	\$ 227,721
Interest in TOL	149,231
Difference between actual and expected experience	1,173
Change in assumptions	101,498
Administrative expenses	1,341
OPEB Expense	\$ 480,964

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2021:

Total OPEB liability ending	\$ 5,146,392
Total OPEB liability beginning	(4,117,497)
Change in total OPEB liability	1,028,895
Changes in deferred inflows	(94,764)
Changes in deferred outflows	(623,531)
Employer contributions and implicit subsidy	170,364
OPEB Expense	\$ 480,964

Sensitivity to Changes in the Discount Rate

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Municipal Bond Rate		
	(1% Decrease)	Current	(1% Increase)
Total OPEB Liability	\$ 642,929	\$ 5,146,392	\$ 4,439,792

Sensitivity to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	Current	(1% Increase)
Total OPEB Liability	\$ 4,340,241	\$ 5,146,392	\$ 6,189,607

NOTE 11 - COMMITMENTS AND CONTINGENCIES

A. Lawsuits

City management believes, based upon consultation with the City Attorney, that litigation, in the aggregate, are not expected to result in a material adverse financial impact on the City and that insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

B. Federal and State Grant Programs

The City participates in Federal and State grant programs that are audited by the City's independent accountants if required by and in accordance with the provisions of the Uniform Guidance and applicable State requirements. For Federal programs, the City did not reach the level of qualifying expenditures during the current fiscal year that would require a single audit. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2021

C. Contractual Commitments

The following schedule summarized the City's open contracts by project that were carried forward into the next fiscal year as of June 30, 2021:

Project	Contract Amount	Expenditures	Carry Forward
ADA Improvements at Fandangos	\$ 12,500	\$ -	\$ 12,500
Archeological Monitoring	109,250	103,498	5,752
ASBS Urban Diversion	318,448	214,121	104,327
ASBS Wet Dry Weather Diversion	3,943,786	3,100,709	843,077
ATC Planning Services	174,100	85,313	88,788
CDTFA Transactions	39,999	37,988	2,011
CEQA/EIR for ATC/Comstock	106,248	95,453	10,795
Cultural Resources & Tribal Monitoring	29,019	13,763	15,256
Emergency Sewer Work	14,950	-	14,950
Lift Station Condition Assessment	3,443	-	3,443
Lovers Point Stairs	8,358	-	8,358
New Records Management System	173,800	66,140	107,660
Point Pinos Coastal Trail	867,689	110,327	757,362
Point Pinos Coastal Trail Construction	25,598	10,895	14,704
Purchase of Moonlighting	10,643	-	10,643
SB2 Planning Grant Implementation	96,500	61,665	34,835
Sewer Project 3, 4, 5, & 8	423,345	257,907	165,438
Sewer System Management Plan	7,950	2,129	5,821
Street Rehab - Lower Lighthouse	1,085,246	233,389	851,857
Water & Fire Remediation	35,332	24,186	11,145
Total Commitments	<u>\$ 7,486,204</u>	<u>\$ 4,417,483</u>	<u>\$ 3,068,722</u>

The contracts listed as CEQA/EIR for ATC and the ATC Planning Services are funded through a developer deposit agreement and is not supported by City funds.



REQUIRED SUPPLEMENTARY INFORMATION

This page is intentionally blank

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 7,736,000	\$ 8,123,294	\$ 8,191,673	\$ 68,379
Sales and use taxes	3,411,000	3,735,000	4,060,855	325,855
Franchise and other taxes	1,130,000	1,162,024	1,342,324	180,300
Transient occupancy taxes	3,759,000	3,608,000	3,666,440	58,440
Utility users taxes	1,652,000	1,725,000	1,858,652	133,652
Business license tax	367,000	359,000	337,722	(21,278)
Other taxes	123,000	111,000	222,242	111,242
Intergovernmental revenues	219,000	513,098	116,159	(396,939)
License, permits and impact fees	525,000	853,000	873,727	20,727
Fines and forfeitures	125,000	69,000	36,984	(32,016)
Charges for services	1,287,000	1,379,073	1,538,638	159,565
Interest, rents and concessions	268,400	267,735	213,705	(54,030)
Other revenues	571,100	825,053	909,176	84,123
Total Revenues	21,173,500	22,730,277	23,368,297	638,020
EXPENDITURES				
Current:				
General government	3,549,818	3,693,336	3,371,109	322,227
Public safety:				
Police	6,278,941	6,432,780	6,409,747	23,033
Fire	3,451,700	3,751,680	3,814,831	(63,151)
Public works	3,502,635	3,427,742	3,217,084	210,658
Recreation	694,512	642,264	588,242	54,022
Library	690,455	746,577	726,375	20,202
Museum	251,050	233,000	227,862	5,138
Community development	1,748,662	2,486,841	2,046,290	440,551
Capital outlay	17,000	108,543	43,517	65,026
Debt service				
Principal retirement	882,581	904,760	924,776	(20,016)
Interest and fiscal charges	1,175,669	1,175,669	1,175,669	-
Total Expenditures	22,243,023	23,603,192	22,545,502	1,057,690
Excess (Deficiency) of Revenues over Expenditures	(1,069,523)	(872,915)	822,795	1,695,710
OTHER FINANCING SOURCES (USES)				
Transfers in	-	122,479	131,119	8,640
Transfers out	(710,000)	(760,000)	(760,000)	-
Total Other Financing Sources (Uses)	(710,000)	(637,521)	(628,881)	8,640
Net Change in Fund Balances	(1,779,523)	(1,510,436)	193,914	1,704,350
Fund Balances Beginning	9,813,734	9,813,734	9,813,734	-
Fund Balances Ending	\$ 8,034,211	\$ 8,303,298	\$ 10,007,648	\$ 1,704,350

Expenditures in excess of appropriations were covered by budgets in other objects/functions or beginning fund balance.

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
ASBS Grant Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 2,921,463	\$ 3,969,879	\$ 3,349,511	\$ (620,368)
Other revenues	-	-	4,073	4,073
Total Revenues	<u>2,921,463</u>	<u>3,969,879</u>	<u>3,353,584</u>	<u>(616,295)</u>
EXPENDITURES				
Capital outlay	2,921,463	3,961,766	3,353,821	607,945
Total Expenditures	<u>2,921,463</u>	<u>3,961,766</u>	<u>3,353,821</u>	<u>607,945</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>8,113</u>	<u>(237)</u>	<u>(8,350)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	8,113	(237)	(8,350)
Fund Balances Beginning	<u>(8,112)</u>	<u>(8,112)</u>	<u>(8,112)</u>	<u>-</u>
Fund Balances Ending	<u>\$ (8,112)</u>	<u>\$ 1</u>	<u>\$ (8,349)</u>	<u>\$ (8,350)</u>

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
CDBG Grant Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, rents and concessions	\$ 7,000	\$ 7,000	\$ 11,469	\$ 4,469
Other revenues	100,000	127,000	96,963	(30,037)
Total Revenues	<u>107,000</u>	<u>134,000</u>	<u>108,432</u>	<u>(25,568)</u>
EXPENDITURES				
Current:				
Community development	250,000	567,000	308,947	258,053
Total Expenditures	<u>250,000</u>	<u>567,000</u>	<u>308,947</u>	<u>258,053</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(143,000)</u>	<u>(433,000)</u>	<u>(200,515)</u>	<u>232,485</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(143,000)	(433,000)	(200,515)	232,485
Fund Balances Beginning	433,671	433,671	433,671	-
Fund Balances Ending	<u>\$ 290,671</u>	<u>\$ 671</u>	<u>\$ 233,156</u>	<u>\$ 232,485</u>

City of Pacific Grove

Schedule of Pension Contributions June 30, 2021

	Fiscal Year						
	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contributions	\$ 837,801	\$ 1,784,443	\$ 1,995,457	\$ 2,392,372	\$ 2,857,889	\$ 3,404,853	\$ 3,760,395
Contributions in Relation to Actuarially Determined Contributions	837,801	1,784,443	1,995,457	2,392,372	2,857,889	3,405,140	3,760,395
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (287)	\$ -
Covered Payroll	\$ 5,714,952	\$ 6,248,635	\$ 5,873,761	\$ 7,328,064	\$ 8,029,195	\$ 8,120,599	\$ 7,539,260
Contributions as a Percentage of Covered Payroll	14.66%	28.56%	33.97%	32.65%	35.59%	41.93%	49.88%

Notes to Schedule:

Valuation Date: June 30, 2019
 Assumptions Used: Entry Age Method used for Actuarial Cost Method
 Level Percentage of Payroll and Direct Rate Smoothing
 3.8 Years Remaining Amortization Period
 Inflation Assumed at 2.5%
 Investment Rate of Returns set at 7.15%
 CalPERS mortality table based on CalPERS' experience and include 15 years of
 projected ongoing mortality improvement using 90 percent of Scale MP 2016 published

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

City of Pacific Grove

Schedule of Proportionate Share of Net Pension Liability June 30, 2021

	Fiscal Year						
	2015	2016	2017	2018	2019	2020	2021
Proportion of Net Pension Liability	0.3730%	0.3824%	0.3994%	0.3977%	0.4118%	0.4169%	0.4226%
Proportionate Share of							
Net Pension Liability	\$ 23,123,343	\$ 26,535,640	\$ 34,564,209	\$ 39,440,944	\$ 39,679,281	\$ 42,724,135	\$ 45,982,402
Covered Payroll	\$ 5,543,503	\$ 5,714,952	\$ 6,248,635	\$ 5,873,761	\$ 7,328,064	\$ 8,029,195	\$ 8,120,599
Net Pension Liability							
as a % of Covered Payroll	417.13%	464.32%	553.15%	671.48%	541.47%	532.11%	566.24%
Plan's Fiduciary Net Position							
as a % of the TPL	81.99%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%

Notes to Schedule:

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

City of Pacific Grove
Retiree Healthcare Plan
Schedule of Total OPEB Liability
June 30, 2021

	Fiscal Year Ended			
	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 194,311	\$ 168,509	\$ 162,418	\$ 227,721
Interest	119,338	139,246	150,001	149,231
Administrative expense	-	-	1,112	-
Changes of benefit terms	-	-	(10,980)	-
Differences between expected and actual experience	-	-	7,390	-
Changes of assumptions	(415,636)	(152,945)	172,969	814,841
Benefit payments	(171,120)	(168,800)	(156,858)	(162,898)
Net change in Total OPEB Liability	(273,107)	(13,990)	326,052	1,028,895
Total OPEB Liability - beginning	4,078,542	3,805,435	3,791,445	4,117,497
Total OPEB Liability - ending	<u>\$ 3,805,435</u>	<u>\$ 3,791,445</u>	<u>\$ 4,117,497</u>	<u>\$ 5,146,392</u>
Plan fiduciary net position				
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset)	\$ 3,805,435	\$ 3,791,445	\$ 4,117,497	\$ 5,146,392
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll for the plan	\$ 7,678,127	\$ 7,915,595	\$ 8,673,911	\$ 8,151,351
Net OPEB Liability as a percentage of covered payroll	49.56%	47.90%	47.47%	63.14%
Total OPEB Liability as a percentage of covered payroll	49.56%	47.90%	47.47%	63.14%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

No change in benefit terms; discount rates decreased from 3.87% to 3.5% in 2020 and then to 2.21% in 2021.

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Contributions were not based on a measure of pay.



SUPPLEMENTARY INFORMATION

This page is intentionally blank

City of Pacific Grove

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Capital Improvement Projects Fund For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 1,800,000	\$ 1,135,471	\$ 1,031,954	\$ (103,517)
Interest, rents and concessions	4,000	4,000	1,435	(2,565)
Contributions	101,081	273,038	333,646	60,608
Total Revenues	1,905,081	1,412,509	1,367,035	(45,474)
EXPENDITURES				
Current:				
General government	-	-	24,186	(24,186)
Library	-	11,400	35,383	(23,983)
Capital outlay	2,769,943	2,485,450	2,229,811	255,639
Total Expenditures	2,769,943	2,496,850	2,289,380	207,470
Excess (Deficiency) of Revenues over Expenditures	(864,862)	(1,084,341)	(922,345)	161,996
OTHER FINANCING SOURCES (USES)				
Transfers in	500,005	500,005	500,001	(4)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	500,005	500,005	500,001	(4)
Net Change in Fund Balances	(364,857)	(584,336)	(422,344)	161,992
Fund Balances Beginning	642,367	642,367	642,367	-
Fund Balances Ending	\$ 277,510	\$ 58,031	\$ 220,023	161,992

Page Intentionally Left Blank

COMBINING NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

(See Page 101)

CAPITAL PROJECTS FUNDS

Fund Title	Fund Description
BUILDING AND FACILITIES IMPROVEMENT FUND	This fund is used to support General Fund Building and Improvement capital costs. This fund was previously supported by General Fund transfers.

PERMANENT FUNDS

(See Page 145)

City of Pacific Grove
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Total Special Revenue Funds	Total Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 4,092,252	\$ 3,190,775	\$ 7,283,027
Receivables:			
Taxes	158,925	-	158,925
Accounts	194,656	-	194,656
Loans receivable	653,267	-	653,267
Total assets	\$ 5,099,100	\$ 3,190,775	\$ 8,289,875
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 460,720	\$ -	\$ 460,720
Unearned revenues	653,466	-	653,466
Total liabilities	1,114,186	-	1,114,186
Fund Balances:			
Nonspendable			
Permanent Funds	-	3,190,775	3,190,775
Restricted:			
Social service programs	748,183	-	748,183
Public safety	764,767	-	764,767
Community development	1,179,483	-	1,179,483
Street improvements	1,292,481	-	1,292,481
Total fund balances	3,984,914	3,190,775	7,175,689
Total liabilities and fund balances	\$ 5,099,100	\$ 3,190,775	\$ 8,289,875

City of Pacific Grove

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Total Special Revenue Funds	Capital Projects Building Facilities & Improvement Fund	Total Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes:				
Sales and use taxes	\$ 940,018	\$ -	\$ -	\$ 940,018
Franchise and other taxes	50,376	-	-	50,376
Transient occupancy taxes	312,137	-	-	312,137
Business license tax	23,952	-	-	23,952
Intergovernmental revenues	822,590	-	-	822,590
Charges for services	6,579	-	71,965	78,544
Interest, rents and concessions	34,979	-	(1,580)	33,399
Other revenues	257,422	-	-	257,422
Total Revenues	2,448,053	-	70,385	2,518,438
EXPENDITURES				
Current:				
General government	57,398	-	-	57,398
Public safety:				
Police	550,187	-	-	550,187
Fire	8,287	-	-	8,287
Public works	294,246	-	-	294,246
Recreation	8,171	-	-	8,171
Library	4,984	-	-	4,984
Community development	612,297	-	-	612,297
Capital outlay	1,236,433	-	-	1,236,433
Total Expenditures	2,772,003	-	-	2,772,003
Excess (Deficiency) of Revenues over Expenditures	(323,950)	-	70,385	(253,565)
OTHER FINANCING SOURCES (USES)				
Transfers in	268,742	-	-	268,742
Transfers out	(131,119)	(1)	(8,742)	(139,862)
Total Other Financing Sources (Uses)	137,623	(1)	(8,742)	128,880
Net Change in Fund Balances	(186,327)	(1)	61,643	(124,685)
Fund Balances Beginning	4,171,241	1	3,129,132	7,300,374
Fund Balances Ending	\$ 3,984,914	\$ -	\$ 3,190,775	\$ 7,175,689

Page Intentionally Left Blank

NONMAJOR SPECIAL REVENUE FUNDS

Fund Title	Fund Description
CARILLON FUND	This fund is for donations designated for the maintenance of the tower clock and chimes system at City Hall.
ENVIRONMENTAL ENHANCEMENT	This fund accounts for revenues associated with Coastal Area Planning grants, coastal area land use, and Environmental Impact Report deposit funds.
STATE FRANCHISE PEG	This fund is for the deposit of funds received from the City's cable franchisee to fund Public, Educational and Governmental programming on local Public Access television and equipment expenditures to aid in broadcasting per the terms of the Digital Infrastructure and Video Competition Act of 2006.
LIBRARY BLDG & EQUIP FUND	This fund is for donations designated for improvements to the City Library.
MUSEUM IMPROVEMENT FUND	This fund is for donations designated for improvements to the Museum facility.
DOWNTOWN BUSINESS DISTRICT	This fund accounts for the collection of self-assessed fees from businesses within the Business Improvement District and the payment of those fees to the Pacific Grove Chamber of Commerce. Businesses within the Downtown Business Improvement District remit those fees to the City upon the annual renewal of their business licenses.
HOSPITALITY IMPRVMT DIST.	This fund accounts for the collection of self-assessed fees by the hotels within the City and the payment of those fees to the Monterey County Convention and Visitor's Bureau. All the hotels in the City have agreed to this self -assessment and remit those fees with their Transient Occupancy Tax payments.
LIBRARY BOOK FUND	This fund accounts for donations designated for the purchase of books for the City Library.
FIRE EMERG EQUIP FUND	This fund accounts for grants, fees and donations in support of Fire Department safety programs.
LOCAL STREETS AND ROADS	This fund accounts amounts received for streets and roads expenditures.
GAS TAX FUND	This fund accounts for the expenditures of State Gas Tax monies received.
CHAUTAUQUA HALL FUND	This fund accounts for revenues designated for the maintenance and improvement of the historic Chautauqua Hall building.
LIGHTHOUSE MAINT.& IMPV.	This fund accounts for any expenses and/or any donations, proceeds, or operating transfers received related to the maintenance and improvement of the Point Pinos Lighthouse.
SENIOR HOUSING FUND	This fund accounts for senior housing activities.
CALHOME REUSE FUND	This fund accounts for the deposit of revenue received from the repayment of CalHOME Housing rehabilitation loans.
SMALL BUSINESS GRANTS FUND	This fund accounts for grants provided for the City's small business assistance program.
2013 CDBG GRANT FUND	This fund accounts for grants and revolving loan funds used in the City's Housing Rehabilitation Loan Program managed by the Community Development Department.
POETRY PROMOTION FUND	This fund accounts for the income from a bequest to the City designated for the promotion of poetry in the community.
YOUNT INCOME FUND	This fund accounts for income from the expendable portion of the Yount Trust.
PUB SAFETY AUG FUND	This fund accounts for revenue resulting from the passage of Proposition 172, designated for Public Safety related programs.
SUPPLEMENTAL LAW ENFORCEMENT FUND	This fund accounts for grants designated for the improvement of the law enforcement program.
VEHICLE ABANDONMENT	This fund accounts for the expenditures related to vehicle abandonment.
STRONG FUND DISBURSEMENTS	This fund accounts for the expenditures of interest earned from the Stong endowment.
HOUSING FUND	This fund accounts for housing program loans under a federal program funded by CDBG.
COASTAL CONSERVANCY GRANT FUND	This fund accounts for grant proceeds and expenditures related to coastal conservancy projects and plans that maintain and improve beaches and coastal parks.
CORONA VIRUS RELIEF FUND	This fund accounts for federal ARPA grants and related expenditures.
OPERATING GRANTS FUND	This fund accounts for grant proceeds and expenditures related to operating grants for various operations and projects throughout the City.
ROAD MAINTENANCE AND REHABILITATION ACCOUNT (RMRA) FUND	The Road Maintenance and Rehabilitation Account (RMRA) Fund is supported through shared revenues received from the Road Repair and Accountability Act of 2017. These revenues are generated from increased gas tax, diesel excise and sales tax; and a zero-emission vehicle registration fee for local transportation projects. Funding allocations are project specific and include a maintenance of effort requirement.
MCINDOO DONATION	This fund accounts for the receipt of a donation from the Jeanette J. McIndoo Trust and for the expense for beautification and enhancement of public facilities and grounds.
GENERAL PLAN MAINTENANCE FEE FUND	This fund is used to account for fees collected for general plan maintenance.

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2021

	Carillion Fund	Environmental Enhancement Fund	State Franchise PEG Fund	Library Building & Equipment Fund	Museum Improvement Fund
ASSETS					
Cash and investments	\$ 9,728	\$ 115,019	\$ 96,424	\$ 36,393	\$ 434,128
Receivables:					
Taxes	-	-	12,821	-	-
Accounts	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total assets	\$ 9,728	\$ 115,019	\$ 109,245	\$ 36,393	\$ 434,128
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 41,531	\$ -	\$ -
Unearned revenues	-	-	-	-	-
Total liabilities	-	-	41,531	-	-
Fund Balances:					
Restricted:					
Social service programs	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	9,728	115,019	67,714	36,393	434,128
Street improvements	-	-	-	-	-
Total fund balances	9,728	115,019	67,714	36,393	434,128
Total liabilities and fund balances	\$ 9,728	\$ 115,019	\$ 109,245	\$ 36,393	\$ 434,128

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2021

	Downtown Business District Fund	Hospitality Improvement District Fund	Library Book Fund	Fire Emergency Equipment Fund
ASSETS				
Cash and investments	\$ 880	\$ 36,973	\$ 31,269	\$ 160,866
Receivables:				
Taxes	-	66,218	-	-
Accounts	-	-	-	-
Loans receivable	-	-	-	-
Total assets	\$ 880	\$ 103,191	\$ 31,269	\$ 160,866
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 103,012	\$ -	\$ 302
Unearned revenues	5	-	194	-
Total liabilities	5	103,012	194	302
Fund Balances:				
Restricted:				
Social service programs	-	-	31,075	-
Public safety	-	-	-	160,564
Community development	875	179	-	-
Street improvements	-	-	-	-
Total fund balances	875	179	31,075	160,564
Total liabilities and fund balances	\$ 880	\$ 103,191	\$ 31,269	\$ 160,866

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2021

	Local Streets and Roads Fund	Gas Tax Fund	Chautauqua Hall Fund	Lighthouse Maintenance & Improvement Fund
ASSETS				
Cash and investments	\$ 805,738	\$ 135,994	\$ 18,380	\$ 198,810
Receivables:				
Taxes	-	-	-	-
Accounts	191,188	-	-	-
Loans receivable	-	-	-	-
Total assets	\$ 996,926	\$ 135,994	\$ 18,380	\$ 198,810
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,188	\$ 8,488	\$ -	\$ 832
Unearned revenues	-	-	-	-
Total liabilities	1,188	8,488	-	832
Fund Balances:				
Restricted:				
Social service programs	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	18,380	197,978
Street improvements	995,738	127,506	-	-
Total fund balances	995,738	127,506	18,380	197,978
Total liabilities and fund balances	\$ 996,926	\$ 135,994	\$ 18,380	\$ 198,810

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2021

	Senior Housing Fund	CalHome Reuse Fund	Small Business Grants Fund	2013 CDBG Grant Fund
ASSETS				
Cash and investments	\$ 10,450	\$ 198,349	1,613	\$ -
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Loans receivable	-	289,770	-	72,656
Total assets	\$ 10,450	\$ 488,119	\$ 1,613	\$ 72,656
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	289,770	-	72,656
Total liabilities	-	289,770	-	72,656
Fund Balances:				
Restricted:				
Social service programs	10,450	198,349	-	-
Public safety	-	-	-	-
Community development	-	-	1,613	-
Street improvements	-	-	-	-
Total fund balances	10,450	198,349	1,613	-
Total liabilities and fund balances	\$ 10,450	\$ 488,119	\$ 1,613	\$ 72,656

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2021

	Poetry Promotion Fund	Yount Income Fund	Public Safety Augmentation Fund	Supplement Law Enforcement Fund
ASSETS				
Cash and investments	\$ 74,773	\$ 57,225	\$ 277,423	\$ 263,197
Receivables:				
Taxes	-	-	11,650	16,667
Accounts	-	-	-	-
Loans receivable	-	-	-	-
Total assets	\$ 74,773	\$ 57,225	\$ 289,073	\$ 279,864
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 16	-	\$ -	\$ -
Unearned revenues	-	-	-	-
Total liabilities	16	-	-	-
Fund Balances:				
Restricted:				
Social service programs	74,757	-	-	-
Public safety	-	-	289,073	279,864
Community development	-	57,225	-	-
Street improvements	-	-	-	-
Total fund balances	74,757	57,225	289,073	279,864
Total liabilities and fund balances	\$ 74,773	\$ 57,225	\$ 289,073	\$ 279,864

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2021

	Vehicle Abandonment Fund	Strong Disbursements Fund	Housing Fund	Coastal Conservancy Grant Fund	Corona Virus Relief Fund
ASSETS					
Cash and investments	\$ 31,798	\$ 141,580	\$ 434,636	\$ 83,533	\$ -
Receivables:					
Taxes	-	-	-	-	-
Accounts	3,468	-	-	-	-
Loans receivable	-	-	290,841	-	-
Total assets	\$ 35,266	\$ 141,580	\$ 725,477	\$ 83,533	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 34,000	\$ 1,084	\$ -	\$ -
Unearned revenues	-	-	290,841	-	-
Total liabilities	-	34,000	291,925	-	-
Fund Balances:					
Restricted:					
Social service programs	-	-	433,552	-	-
Public safety	35,266	-	-	-	-
Community development	-	107,580	-	83,533	-
Street improvements	-	-	-	-	-
Total fund balances	35,266	107,580	433,552	83,533	-
Total liabilities and fund balances	\$ 35,266	\$ 141,580	\$ 725,477	\$ 83,533	\$ -

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2021

	Operating Grants Fund	RMRA Fund	McIndoo Donation Fund	General Plan Maintenance Fee Fund	Total Special Revenue Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 690	\$ 387,935	\$ 35,966	\$ 12,482	\$ 4,092,252
Receivables:					
Taxes	-	51,569	-	-	158,925
Accounts	-	-	-	-	194,656
Loans receivable	-	-	-	-	653,267
Total assets	\$ 690	\$ 439,504	\$ 35,966	\$ 12,482	\$ 5,099,100
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 270,267	\$ -	\$ -	\$ 460,720
Unearned revenues	-	-	-	-	653,466
Total liabilities	-	270,267	-	-	1,114,186
Fund Balances:					
Restricted:					
Social service programs	-	-	-	-	748,183
Public safety	-	-	-	-	764,767
Community development	690	-	35,966	12,482	1,179,483
Street improvements	-	169,237	-	-	1,292,481
Total fund balances	690	169,237	35,966	12,482	3,984,914
Total liabilities and fund balances	\$ 690	\$ 439,504	\$ 35,966	\$ 12,482	\$ 5,099,100

Concluded

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Carillion Fund	Environmental Enhancement Fund	State Franchise PEG Fund	Library Building & Equipment Fund	Museum Improvement Fund
REVENUES					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	50,376	-	-
Transient occupancy taxes	-	-	-	-	-
Business license tax	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest, rents and concessions	-	11	(36)	(128)	355
Other revenues	-	-	-	44,205	100
Total Revenues	-	11	50,340	44,077	455
EXPENDITURES					
Current:					
General government	38	-	-	-	-
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Recreation	-	-	-	-	-
Library	-	-	-	20	-
Community development	-	1,898	66,504	-	-
Capital outlay	-	-	-	9,460	67,900
Total Expenditures	38	1,898	66,504	9,480	67,900
Excess (Deficiency) of Revenues over Expenditures	(38)	(1,887)	(16,164)	34,597	(67,445)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(38)	(1,887)	(16,164)	34,597	(67,445)
Fund Balances Beginning	9,766	116,906	83,878	1,796	501,573
Fund Balances Ending	\$ 9,728	\$ 115,019	\$ 67,714	\$ 36,393	\$ 434,128

Cont'd

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Downtown Business District Fund	Hospitality Improvement District Fund	Library Book Fund	Fire Emergency Equipment Fund
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	312,137	-	-
Business license tax	23,952	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	60	83	(145)	57
Other revenues	-	-	34,321	17,310
Total Revenues	24,012	312,220	34,176	17,367
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	8,287
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	22,229	313,082	11,637	-
Capital outlay	-	-	-	13,437
Total Expenditures	22,229	313,082	11,637	21,724
Excess (Deficiency) of Revenues over Expenditures	1,783	(862)	22,539	(4,357)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	1,783	(862)	22,539	(4,357)
Fund Balances Beginning	(908)	1,041	8,536	164,921
Fund Balances Ending	\$ 875	\$ 179	\$ 31,075	\$ 160,564
				Cont'd

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Local Streets and Roads Fund	Gas Tax Fund	Chautauqua Hall Fund	Lighthouse Maintenance & Improvement Fund
REVENUES				
Taxes:				
Sales and use taxes	\$ 657,027	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	325,989	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	(114)	(158)	-	33
Other revenues	-	-	-	100
Total Revenues	656,913	325,831	-	133
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	2,950	270,890	-	-
Recreation	-	-	-	8,171
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	545,846	-	-	-
Total Expenditures	548,796	270,890	-	8,171
Excess (Deficiency) of Revenues over Expenditures	108,117	54,941	-	(8,038)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	108,117	54,941	-	(8,038)
Fund Balances Beginning	887,621	72,565	18,380	206,016
Fund Balances Ending	\$ 995,738	\$ 127,506	\$ 18,380	\$ 197,978

Cont'd

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Special Revenue Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Senior Housing Fund	CalHome Reuse Fund	Small Business Grants Fund	2013 CDBG Grant Fund
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	1	91	-	-
Other revenues	-	10,515	-	-
Total Revenues	1	10,606	-	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	21,763	48,387	-
Capital outlay	-	-	-	-
Total Expenditures	-	21,763	48,387	-
Excess (Deficiency) of Revenues over Expenditures	1	(11,157)	(48,387)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	50,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	50,000	-
Net Change in Fund Balances	1	(11,157)	1,613	-
Fund Balances Beginning	10,449	209,506	-	-
Fund Balances Ending	\$ 10,450	\$ 198,349	\$ 1,613	\$ -

Cont'd

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Poetry Promotion Fund	Yount Income Fund	Public Safety Augmentation Fund	Supplement Law Enforcement Fund
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	135,342	156,727
Charges for services	-	-	-	-
Interest, rents and concessions	33,817	42	576	(114)
Other revenues	-	-	-	-
Total Revenues	33,817	42	135,918	156,613
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	471,706	78,481
Fire	-	-	-	-
Public works	-	20,406	-	-
Recreation	-	-	-	-
Library	4,964	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	7,837
Total Expenditures	4,964	20,406	471,706	86,318
Excess (Deficiency) of Revenues over Expenditures	28,853	(20,364)	(335,788)	70,295
OTHER FINANCING SOURCES (USES)				
Transfers in	-	8,742	210,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	8,742	210,000	-
Net Change in Fund Balances	28,853	(11,622)	(125,788)	70,295
Fund Balances Beginning	45,904	68,847	414,861	209,569
Fund Balances Ending	\$ 74,757	\$ 57,225	\$ 289,073	\$ 279,864

Cont'd

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Vehicle Abandonment Fund	Strong Disbursements Fund	Housing Fund	Coastal Conservancy Grant Fund	Corona Virus Relief Fund
REVENUES					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
Transient occupancy taxes	-	-	-	-	-
Business license tax	-	-	-	-	-
Intergovernmental revenues	16,053	-	-	-	188,479
Charges for services	-	-	-	-	-
Interest, rents and concessions	(62)	26	86	3	-
Other revenues	-	40,000	110,871	-	-
Total Revenues	15,991	40,026	110,957	3	188,479
EXPENDITURES					
Current:					
General government	-	-	-	-	57,360
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Recreation	-	-	-	-	-
Library	-	-	-	-	-
Community development	-	-	126,797	-	-
Capital outlay	-	114,791	-	-	-
Total Expenditures	-	114,791	126,797	-	57,360
Excess (Deficiency) of Revenues over Expenditures	15,991	(74,765)	(15,840)	3	131,119
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(131,119)
Total Other Financing Sources (Uses)	-	-	-	-	(131,119)
Net Change in Fund Balances	15,991	(74,765)	(15,840)	3	-
Fund Balances Beginning	19,275	182,345	449,392	83,530	-
Fund Balances Ending	\$ 35,266	\$ 107,580	\$ 433,552	\$ 83,533	\$ -

Cont'd

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Operating Grants Fund	RMRA Fund	McIndoo Donation Fund	General Plan Maintenance Fee Fund	Total Special Revenue Nonmajor Governmental Funds
REVENUES					
Taxes:					
Sales and use taxes	\$ -	\$ 282,991	\$ -	\$ -	\$ 940,018
Franchise and other taxes	-	-	-	-	50,376
Transient occupancy taxes	-	-	-	-	312,137
Business license tax	-	-	-	-	23,952
Intergovernmental revenues	-	-	-	-	822,590
Charges for services	-	-	-	6,579	6,579
Interest, rents and concessions	(1)	395	127	(26)	34,979
Other revenues	-	-	-	-	257,422
Total Revenues	(1)	283,386	127	6,553	2,448,053
EXPENDITURES					
Current:					
General government	-	-	-	-	57,398
Public safety:					
Police	-	-	-	-	550,187
Fire	-	-	-	-	8,287
Public works	-	-	-	-	294,246
Recreation	-	-	-	-	8,171
Library	-	-	-	-	4,984
Community development	-	-	-	-	612,297
Capital outlay	-	445,613	31,549	-	1,236,433
Total Expenditures	-	445,613	31,549	-	2,772,003
Excess (Deficiency) of Revenues over Expenditures	(1)	(162,227)	(31,422)	6,553	(323,950)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	268,742
Transfers out	-	-	-	-	(131,119)
Total Other Financing Sources (Uses)	-	-	-	-	137,623
Net Change in Fund Balances	(1)	(162,227)	(31,422)	6,553	(186,327)
Fund Balances Beginning	691	331,464	67,388	5,929	4,171,241
Fund Balances Ending	\$ 690	\$ 169,237	\$ 35,966	\$ 12,482	\$ 3,984,914
					Concluded

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Carillion Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	200	100	-	(100)
Other revenues	-	-	-	-
Total Revenues	200	100	-	(100)
EXPENDITURES				
Current:				
General government	-	100	38	62
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	100	38	62
Excess (Deficiency) of Revenues over Expenditures	200	-	(38)	(38)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	200	-	(38)	(38)
Fund Balances Beginning	9,766	9,766	9,766	-
Fund Balances Ending	\$ 9,966	\$ 9,766	\$ 9,728	\$ (38)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Environmental Enhancement Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	2,000	800	11	(789)
Other revenues	-	-	-	-
Total Revenues	2,000	800	11	(789)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	10,000	5,000	1,898	3,102
Capital outlay	-	-	-	-
Total Expenditures	10,000	5,000	1,898	3,102
Excess (Deficiency) of Revenues over Expenditures	(8,000)	(4,200)	(1,887)	2,313
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(8,000)	(4,200)	(1,887)	2,313
Fund Balances Beginning	116,906	116,906	116,906	-
Fund Balances Ending	\$ 108,906	\$ 112,706	\$ 115,019	\$ 2,313

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	State Franchise PEG			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	52,000	52,000	50,376	(1,624)
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	500	500	(36)	(536)
Other revenues	-	-	-	-
Total Revenues	52,500	52,500	50,340	(2,160)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	52,000	52,000	66,504	(14,504)
Capital outlay	-	-	-	-
Total Expenditures	52,000	52,000	66,504	(14,504)
Excess (Deficiency) of Revenues over Expenditures	500	500	(16,164)	(16,664)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	500	500	(16,164)	(16,664)
Fund Balances Beginning	83,878	83,878	83,878	-
Fund Balances Ending	\$ 84,378	\$ 84,378	\$ 67,714	\$ (16,664)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Library Building & Equipment Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	50	(128)	(178)
Other revenues	-	20,000	44,205	24,205
Total Revenues	-	20,050	44,077	24,027
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	20	(20)
Community development	-	-	-	-
Capital outlay	-	19,720	9,460	10,260
Total Expenditures	-	19,720	9,480	10,240
Excess (Deficiency) of Revenues over Expenditures	-	330	34,597	34,267
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	330	34,597	34,267
Fund Balances Beginning	1,796	1,796	1,796	-
Fund Balances Ending	\$ 1,796	\$ 2,126	\$ 36,393	\$ 34,267

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Museum Improvement Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	12,000	6,380	355	(6,025)
Other revenues	-	100	100	-
Total Revenues	12,000	6,480	455	(6,025)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	75,000	67,900	7,100
Total Expenditures	-	75,000	67,900	7,100
Excess (Deficiency) of Revenues over Expenditures	12,000	(68,520)	(67,445)	1,075
OTHER FINANCING SOURCES (USES)				
Transfers in	-	520	-	(520)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	520	-	(520)
Net Change in Fund Balances	12,000	(68,000)	(67,445)	555
Fund Balances Beginning	501,573	501,573	501,573	-
Fund Balances Ending	\$ 513,573	\$ 433,573	\$ 434,128	\$ 555

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Downtown Business District Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	31,000	25,000	23,952	(1,048)
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	50	-	60	60
Other revenues	-	-	-	-
Total Revenues	31,050	25,000	24,012	(988)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	31,953	24,092	22,229	1,863
Capital outlay	-	-	-	-
Total Expenditures	31,953	24,092	22,229	1,863
Excess (Deficiency) of Revenues over Expenditures	(903)	908	1,783	875
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(903)	908	1,783	875
Fund Balances Beginning	(908)	(908)	(908)	-
Fund Balances Ending	\$ (1,811)	\$ -	\$ 875	\$ 875

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Hospitality Improvement District Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	327,000	180,000	312,137	132,137
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	1,000	-	83	83
Other revenues	-	-	-	-
Total Revenues	328,000	180,000	312,220	132,220
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	328,676	181,041	313,082	(132,041)
Capital outlay	-	-	-	-
Total Expenditures	328,676	181,041	313,082	(132,041)
Excess (Deficiency) of Revenues over Expenditures	(676)	(1,041)	(862)	179
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(676)	(1,041)	(862)	179
Fund Balances Beginning	1,041	1,041	1,041	-
Fund Balances Ending	\$ 365	\$ -	\$ 179	\$ 179

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Library Book Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	100	100	(145)	(245)
Other revenues	5,000	5,000	34,321	29,321
Total Revenues	5,100	5,100	34,176	29,076
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	13,983	5,000	11,637	(6,637)
Capital outlay	-	-	-	-
Total Expenditures	13,983	5,000	11,637	(6,637)
Excess (Deficiency) of Revenues over Expenditures	(8,883)	100	22,539	22,439
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(8,883)	100	22,539	22,439
Fund Balances Beginning	8,536	8,536	8,536	-
Fund Balances Ending	\$ (347)	\$ 8,636	\$ 31,075	\$ 22,439

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Fire Emergency Equipment Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	2,000	2,000	57	(1,943)
Other revenues	20,000	17,309	17,310	1
Total Revenues	22,000	19,309	17,367	(1,942)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	10,000	10,000	8,287	1,713
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	13,500	13,500	13,437	63
Total Expenditures	23,500	23,500	21,724	1,776
Excess (Deficiency) of Revenues over Expenditures	(1,500)	(4,191)	(4,357)	(166)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(1,500)	(4,191)	(4,357)	(166)
Fund Balances Beginning	164,921	164,921	164,921	-
Fund Balances Ending	\$ 163,421	\$ 160,730	\$ 160,564	\$ (166)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Local Streets and Roads Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ 552,500	\$ 568,593	\$ 657,027	\$ 88,434
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	6,000	4,724	(114)	(4,838)
Other revenues	-	-	-	-
Total Revenues	558,500	573,317	656,913	83,596
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	2,950	2,950	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	676,530	1,454,332	545,846	908,486
Total Expenditures	676,530	1,457,282	548,796	908,486
Excess (Deficiency) of Revenues over Expenditures	(118,030)	(883,965)	108,117	992,082
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(118,030)	(883,965)	108,117	992,082
Fund Balances Beginning	887,621	887,621	887,621	-
Fund Balances Ending	\$ 769,591	\$ 3,656	\$ 995,738	\$ 992,082

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Gas Tax Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	296,486	364,886	325,989	(38,897)
Charges for services	-	-	-	-
Interest, rents and concessions	300	575	(158)	(733)
Other revenues	-	-	-	-
Total Revenues	296,786	365,461	325,831	(39,630)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	285,646	292,851	270,890	21,961
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	285,646	292,851	270,890	21,961
Excess (Deficiency) of Revenues over Expenditures	11,140	72,610	54,941	(17,669)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	11,140	72,610	54,941	(17,669)
Fund Balances Beginning	72,565	72,565	72,565	-
Fund Balances Ending	\$ 83,705	\$ 145,175	\$ 127,506	\$ (17,669)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Chautauqua Hall Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	150	150	-	(150)
Other revenues	-	-	-	-
Total Revenues	150	150	-	(150)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	150	150	-	(150)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	150	150	-	(150)
Fund Balances Beginning	18,380	18,380	18,380	-
Fund Balances Ending	\$ 18,530	\$ 18,530	\$ 18,380	\$ (150)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Lighthouse Maintenance & Improvements Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	103,500	25,875	-	(25,875)
Interest, rents and concessions	2,500	1,384	33	(1,351)
Other revenues	-	-	100	100
Total Revenues	106,000	27,259	133	(27,126)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	66,017	30,541	8,171	22,370
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	66,017	30,541	8,171	22,370
Excess (Deficiency) of Revenues over Expenditures	39,983	(3,282)	(8,038)	(4,756)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	39,983	(3,282)	(8,038)	(4,756)
Fund Balances Beginning	206,016	206,016	206,016	-
Fund Balances Ending	\$ 245,999	\$ 202,734	\$ 197,978	\$ (4,756)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Senior Housing Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	100	100	1	(99)
Other revenues	-	-	-	-
Total Revenues	100	100	1	(99)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	100	100	1	(99)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	100	100	1	(99)
Fund Balances Beginning	10,449	10,449	10,449	-
Fund Balances Ending	\$ 10,549	\$ 10,549	\$ 10,450	\$ (99)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	CalHome Reuse Account Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	91	91
Other revenues	50,000	50,000	10,515	(39,485)
Total Revenues	50,000	50,000	10,606	(39,394)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	110,000	110,000	21,763	88,237
Capital outlay	-	-	-	-
Total Expenditures	110,000	110,000	21,763	88,237
Excess (Deficiency) of Revenues over Expenditures	(60,000)	(60,000)	(11,157)	48,843
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(60,000)	(60,000)	(11,157)	48,843
Fund Balances Beginning	209,506	209,506	209,506	-
Fund Balances Ending	\$ 149,506	\$ 149,506	\$ 198,349	\$ 48,843

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Small Business Grants Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	50,000	48,387	1,613
Capital outlay	-	-	-	-
Total Expenditures	-	50,000	48,387	1,613
Excess (Deficiency) of Revenues over Expenditures	-	(50,000)	(48,387)	1,613
OTHER FINANCING SOURCES (USES)				
Transfers in	-	50,000	50,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	50,000	50,000	-
Net Change in Fund Balances	-	-	1,613	1,613
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ -	\$ -	\$ 1,613	\$ 1,613

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Poetry Promotion Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	33,420	33,570	33,817	247
Other revenues	-	-	-	-
Total Revenues	33,420	33,570	33,817	247
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	9,468	7,500	4,964	2,536
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	9,468	7,500	4,964	2,536
Excess (Deficiency) of Revenues over Expenditures	23,952	26,070	28,853	2,783
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	23,952	26,070	28,853	2,783
Fund Balances Beginning	45,904	45,904	45,904	-
Fund Balances Ending	\$ 69,856	\$ 71,974	\$ 74,757	\$ 2,783

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Yount Income Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	1,300	550	42	(508)
Other revenues	-	-	-	-
Total Revenues	1,300	550	42	(508)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	20,013	20,352	20,406	(54)
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	20,013	20,352	20,406	(54)
Excess (Deficiency) of Revenues over Expenditures	(18,713)	(19,802)	(20,364)	(562)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	8,742	(1,258)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	10,000	10,000	8,742	(1,258)
Net Change in Fund Balances	(8,713)	(9,802)	(11,622)	(1,820)
Fund Balances Beginning	68,847	68,847	68,847	-
Fund Balances Ending	\$ 60,134	\$ 59,045	\$ 57,225	\$ (1,820)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Public Safety Augmentation Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	119,000	119,000	135,342	16,342
Charges for services	-	-	-	-
Interest, rents and concessions	2,000	2,000	576	(1,424)
Other revenues	-	-	-	-
Total Revenues	121,000	121,000	135,918	14,918
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	447,000	440,000	471,706	(31,706)
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	447,000	440,000	471,706	(31,706)
Excess (Deficiency) of Revenues over Expenditures	(326,000)	(319,000)	(335,788)	(16,788)
OTHER FINANCING SOURCES (USES)				
Transfers in	210,000	210,000	210,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	210,000	210,000	210,000	-
Net Change in Fund Balances	(116,000)	(109,000)	(125,788)	(16,788)
Fund Balances Beginning	414,861	414,861	414,861	-
Fund Balances Ending	\$ 298,861	\$ 305,861	\$ 289,073	\$ (16,788)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Supplemental Law Enforcement Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	234,000	156,000	156,727	727
Charges for services	-	-	-	-
Interest, rents and concessions	-	500	(114)	(614)
Other revenues	-	-	-	-
Total Revenues	234,000	156,500	156,613	113
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	255,860	266,000	78,481	187,519
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	9,581	7,837	1,744
Total Expenditures	255,860	275,581	86,318	189,263
Excess (Deficiency) of Revenues over Expenditures	(21,860)	(119,081)	70,295	189,376
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(21,860)	(119,081)	70,295	189,376
Fund Balances Beginning	209,569	209,569	209,569	-
Fund Balances Ending	\$ 187,709	\$ 90,488	\$ 279,864	\$ 189,376

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Vehicle Abandonment Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	7,000	12,000	16,053	4,053
Charges for services	-	-	-	-
Interest, rents and concessions	100	100	(62)	(162)
Other revenues	-	-	-	-
Total Revenues	7,100	12,100	15,991	3,891
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	8,000	8,000	-	8,000
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	8,000	8,000	-	8,000
Excess (Deficiency) of Revenues over Expenditures	(900)	4,100	15,991	11,891
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(900)	4,100	15,991	11,891
Fund Balances Beginning	19,275	19,275	19,275	-
Fund Balances Ending	\$ 18,375	\$ 23,375	\$ 35,266	\$ 11,891

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Strong Fund Disbursements			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	160,000	-	(160,000)
Charges for services	-	-	-	-
Interest, rents and concessions	2,800	1,300	26	(1,274)
Other revenues	43,000	43,000	40,000	(3,000)
Total Revenues	45,800	204,300	40,026	(164,274)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	161,900	344,925	114,791	230,134
Total Expenditures	161,900	344,925	114,791	230,134
Excess (Deficiency) of Revenues over Expenditures	(116,100)	(140,625)	(74,765)	65,860
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(116,100)	(140,625)	(74,765)	65,860
Fund Balances Beginning	182,345	182,345	182,345	-
Fund Balances Ending	\$ 66,245	\$ 41,720	\$ 107,580	\$ 65,860

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Housing Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	2,000	2,000	86	(1,914)
Other revenues	70,000	71,000	110,871	39,871
Total Revenues	72,000	73,000	110,957	37,957
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	161,003	158,595	126,797	31,798
Capital outlay	-	-	-	-
Total Expenditures	161,003	158,595	126,797	31,798
Excess (Deficiency) of Revenues over Expenditures	(89,003)	(85,595)	(15,840)	69,755
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(89,003)	(85,595)	(15,840)	69,755
Fund Balances Beginning	449,392	449,392	449,392	-
Fund Balances Ending	\$ 360,389	\$ 363,797	\$ 433,552	\$ 69,755

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Coastal Conservancy Grant Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	1,200	600	3	(597)
Other revenues	-	-	-	-
Total Revenues	1,200	600	3	(597)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	1,200	600	3	(597)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	1,200	600	3	(597)
Fund Balances Beginning	83,530	83,530	83,530	-
Fund Balances Ending	\$ 84,730	\$ 84,130	\$ 83,533	\$ (597)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Corona Virus Relief Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	188,479	188,479	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	-	188,479	188,479	-
EXPENDITURES				
Current:				
General government	-	66,000	57,360	8,640
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	66,000	57,360	8,640
Excess (Deficiency) of Revenues over Expenditures	-	122,479	131,119	8,640
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(122,479)	(131,119)	(8,640)
Total Other Financing Sources (Uses)	-	(122,479)	(131,119)	(8,640)
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ -	\$ -	\$ -	\$ -

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Operating Grants			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	60	60	(1)	(61)
Other revenues	-	-	-	-
Total Revenues	60	60	(1)	(61)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	60	60	(1)	(61)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	60	60	(1)	(61)
Fund Balances Beginning	691	691	691	-
Fund Balances Ending	\$ 751	\$ 751	\$ 690	\$ (61)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	RMRA Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ 242,234	\$ 272,976	\$ 282,991	\$ 10,015
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	1,500	1,500	395	(1,105)
Other revenues	-	-	-	-
Total Revenues	243,734	274,476	283,386	8,910
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	242,234	508,215	445,613	62,602
Total Expenditures	242,234	508,215	445,613	62,602
Excess (Deficiency) of Revenues over Expenditures	1,500	(233,739)	(162,227)	71,512
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	1,500	(233,739)	(162,227)	71,512
Fund Balances Beginning	331,464	331,464	331,464	-
Fund Balances Ending	\$ 332,964	\$ 97,725	\$ 169,237	\$ 71,512

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	McIndoo Donation Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	2,000	500	127	(373)
Other revenues	-	-	-	-
Total Revenues	2,000	500	127	(373)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	12,000	48,730	31,549	17,181
Total Expenditures	12,000	48,730	31,549	17,181
Excess (Deficiency) of Revenues over Expenditures	(10,000)	(48,230)	(31,422)	16,808
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(10,000)	(48,230)	(31,422)	16,808
Fund Balances Beginning	67,388	67,388	67,388	-
Fund Balances Ending	\$ 57,388	\$ 19,158	\$ 35,966	\$ 16,808

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	General Plan Maintenance Fee Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	5,000	5,000	6,579	1,579
Interest, rents and concessions	-	-	(26)	(26)
Other revenues	-	-	-	-
Total Revenues	5,000	5,000	6,553	1,553
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	5,000	5,000	6,553	1,553
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	5,000	5,000	6,553	1,553
Fund Balances Beginning	5,929	5,929	5,929	-
Fund Balances Ending	\$ 10,929	\$ 10,929	\$ 12,482	\$ 1,553

Completed

NONMAJOR PERMANENT FUNDS

Fund Title	Fund Description
LIBRARY ENDOWMENT TRUST FUND	This fund was established to finance the purchase of additional books and materials for the library.
CEMETERY ENDOWMENT FUND	This fund accounts for "Endowment Care" revenues received in trust for the care of decedents' graves.
YOUNT TRUST FUND	This fund was established in 1992, in the amount of approximately \$900,000 including the Yount's residence. The income from this Trust may be expended for the beautification of the City and for minor improvements on the educational and/or recreational facilities maintained by the City.

City of Pacific Grove
Combining Balance Sheet
Permanent Nonmajor Governmental Funds
June 30, 2021

	Library Endowment Trust Fund	Cemetery Endowment Trust Fund	Yount Trust Fund	Total Permanent Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 527,408	\$ 1,820,512	\$ 842,855	\$ 3,190,775
Total assets	<u>527,408</u>	<u>1,820,512</u>	<u>842,855</u>	<u>3,190,775</u>
FUND BALANCES				
Nonspendable				
Permanent funds	\$ 527,408	\$ 1,820,512	\$ 842,855	\$ 3,190,775
Total liabilities and fund balances	<u>527,408</u>	<u>1,820,512</u>	<u>842,855</u>	<u>3,190,775</u>

City of Pacific Grove

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Permanent Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Library Endowment Trust Fund	Cemetery Endowment Trust Fund	Yount Trust Fund	Total Permanent Nonmajor Governmental Funds
REVENUES				
Charges for services	\$ -	\$ 71,965	\$ -	\$ 71,965
Interest, rents and concessions	(56)	(221)	(1,303)	(1,580)
Other revenues	-	-	-	-
Total Revenues	<u>(56)</u>	<u>71,744</u>	<u>(1,303)</u>	<u>70,385</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(56)</u>	<u>71,744</u>	<u>(1,303)</u>	<u>70,385</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(8,742)	(8,742)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(8,742)</u>	<u>(8,742)</u>
Net Change in Fund Balances	(56)	71,744	(10,045)	61,643
Fund Balances Beginning	<u>527,464</u>	<u>1,748,768</u>	<u>852,900</u>	<u>3,129,132</u>
Fund Balances Ending	<u>\$ 527,408</u>	<u>\$ 1,820,512</u>	<u>\$ 842,855</u>	<u>\$ 3,190,775</u>

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Permanent Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Library Endowment Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest, rents and concessions	6,000	550	(56)	(606)
Other revenues	1,500	7,000	-	(7,000)
Total Revenues	7,500	7,550	(56)	(7,606)
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	7,500	7,550	(56)	(7,606)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	7,500	7,550	(56)	(7,606)
Fund Balances Beginning	527,464	527,464	527,464	-
Fund Balances Ending	\$ 534,964	\$ 535,014	\$ 527,408	\$ (7,606)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Permanent Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Cemetery Endowment Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 55,000	\$ 55,000	\$ 71,965	\$ 16,965
Interest, rents and concessions	20,000	15,000	(221)	(15,221)
Other revenues	-	-	-	-
Total Revenues	75,000	70,000	71,744	1,744
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	75,000	70,000	71,744	1,744
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	75,000	70,000	71,744	1,744
Fund Balances Beginning	1,748,768	1,748,768	1,748,768	-
Fund Balances Ending	\$ 1,823,768	\$ 1,818,768	\$ 1,820,512	\$ 1,744

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Permanent Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Yount Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest, rents and concessions	10,000	4,000	(1,303)	(5,303)
Other revenues	-	-	-	-
Total Revenues	10,000	4,000	(1,303)	(5,303)
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	10,000	4,000	(1,303)	(5,303)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(10,000)	(10,000)	(8,742)	1,258
Total Other Financing Sources (Uses)	(10,000)	(10,000)	(8,742)	1,258
Net Change in Fund Balances	-	(6,000)	(10,045)	(4,045)
Fund Balances Beginning	852,900	852,900	852,900	-
Fund Balances Ending	\$ 852,900	\$ 846,900	\$ 842,855	\$ (4,045)
				Completed

INTERNAL SERVICE FUNDS

Fund Title	Fund Description
EMPLOYEE BENEFIT FUND	This fund accounts for health insurance provided to departments on a cost reimbursement basis.
WORKERS COMPENSATION FUND	This fund accounts for workers compensation insurance provided to departments on a cost reimbursement basis.
LIABILITY INSURANCE FUND	This fund accounts for liability insurance provided to departments on a cost reimbursement basis.

City of Pacific Grove
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Employee Benefit Fund	Workers Compensation Fund	Liability Insurance Fund	Total Governmental Activities - Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 1,430	\$ 1,064,583	\$ 361,674	\$ 1,427,687
Restricted cash and investments	-	25,000	10,000	35,000
Accounts receivable	4,639	89,558	-	94,197
Other assets	8,781	-	-	8,781
Total assets	\$ 14,850	\$ 1,179,141	\$ 371,674	\$ 1,565,665
DEFERRED OUTFLOWS OF RESOURCES				
Pension adjustments	\$ -	\$ 49,159	\$ 72,569	\$ 121,728
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 11,123	\$ 12,742	\$ 25,414	\$ 49,279
Due to other funds	6,987	-	-	6,987
Claims payable - current	-	254,029	-	254,029
Compensated absences - current	-	739	875	1,614
Total current liabilities	18,110	267,510	26,289	311,909
Noncurrent liabilities:				
Claims payable	-	508,821	-	508,821
Net pension liabilities	-	259,736	383,425	643,161
Compensated absences	-	2,216	2,624	4,840
Total noncurrent liabilities	-	770,773	386,049	1,156,822
Total liabilities	\$ 18,110	\$ 1,038,283	\$ 412,338	\$ 1,468,731
DEFERRED INFLOWS OF RESOURCES				
Pension adjustments	\$ -	\$ 12,476	\$ 18,416	\$ 30,892
NET POSITION				
Unrestricted	\$ (3,260)	\$ 177,541	\$ 13,489	\$ 187,770
Total net position	\$ (3,260)	\$ 177,541	\$ 13,489	\$ 187,770

City of Pacific Grove

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2021

	Employee Benefit Fund	Workers Compensation Fund	Liability Insurance Fund	Total Governmental Activities - Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 276,528	\$ 580,321	\$ 300,002	\$ 1,156,851
Total operating revenues	<u>276,528</u>	<u>580,321</u>	<u>300,002</u>	<u>1,156,851</u>
OPERATING EXPENSES				
Contractual services and utilities	87,036	812,257	515,922	1,415,215
Personnel	264,114	52,462	41,841	358,417
Total operating expenses	<u>351,150</u>	<u>864,719</u>	<u>557,763</u>	<u>1,773,632</u>
Operating income (loss)	<u>(74,622)</u>	<u>(284,398)</u>	<u>(257,761)</u>	<u>(616,781)</u>
NONOPERATING REVENUES(EXPENSES)				
Investment income	100	1,197	(102)	1,195
Total nonoperating revenues(expenses)	<u>100</u>	<u>1,197</u>	<u>(102)</u>	<u>1,195</u>
Change in net position	(74,522)	(283,201)	(257,863)	(615,586)
Total net position - beginning	71,262	460,742	271,352	803,356
Total net position - ending	<u>\$ (3,260)</u>	<u>\$ 177,541</u>	<u>\$ 13,489</u>	<u>\$ 187,770</u>

City of Pacific Grove
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Employee Benefit Fund	Workers Compensation Fund	Liability Insurance Fund	Total Governmental Activities - Internal Service Funds
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 271,997	\$ 490,763	\$ 300,002	\$ 1,062,762
Payments for contractual services and utilities	(87,255)	(857,056)	(510,927)	(1,455,238)
Payments to employees	(264,114)	(82,205)	(28,105)	(374,424)
Net cash provided (used) by operating activities	(79,372)	(448,498)	(239,030)	(766,900)
Cash flows from noncapital financing activities:				
Interfund transactions	6,987	-	-	6,987
Net cash provided (used) by noncapital financing activities	6,987	-	-	6,987
Cash flows from investing activities:				
Investment income received	100	1,197	(102)	1,195
Net cash provided (used) by investing activities	100	1,197	(102)	1,195
Net increase (decrease) in cash and cash equivalents	(72,285)	(447,301)	(239,132)	(758,718)
Cash and cash equivalents - beginning	73,715	1,536,884	610,806	2,221,405
Cash and cash equivalents - ending	\$ 1,430	\$ 1,089,583	\$ 371,674	\$ 1,462,687
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (74,622)	\$ (284,398)	\$ (257,761)	\$ (616,781)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in operating assets and liabilities:				
Accounts receivable	(4,531)	(89,558)	-	(94,089)
Other assets	(8,781)	2,223	-	(6,558)
Deferred outflows of resources	-	(1,393)	(2,056)	(3,449)
Accounts payable	8,562	(47,022)	4,995	(33,465)
Claims payable	-	(39,685)	-	(39,685)
Deferred inflows of resources	-	(7,897)	(11,660)	(19,557)
Net pension liabilities	-	18,403	27,169	45,572
Compensated absences	-	829	283	1,112
Net cash provided (used) by operating activities	\$ (79,372)	\$ (448,498)	\$ (239,030)	\$ (766,900)



STATISTICAL SECTION

Page Intentionally Left Blank

STATISTICAL SECTION

(Unaudited)

This part of the City of Pacific Grove's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

Page

Financial Trends

These tables contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

158-167

Revenue Capacity

These tables contain information to help the reader assess the city's most significant local revenue source, the property tax.

168-173

Debt Capacity

These tables present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

174-181

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

182-183

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

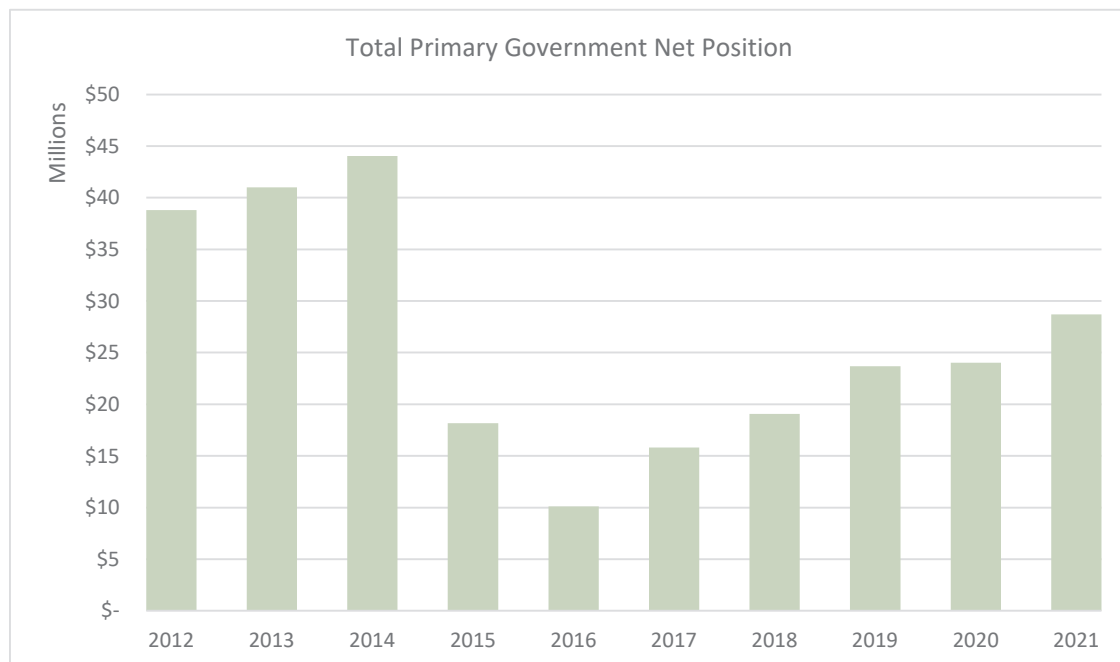
184-186

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

City of Pacific Grove
Net Position By Component
Last Ten Fiscal Years

TABLE 1

	Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016
Governmental activities:					
Net investment in capital assets	\$ 15,587,584	\$ 21,896,315	\$ 21,416,743	\$ 22,263,317	\$ 22,741,849
Restricted	3,372,621	5,186,540	5,875,777	6,023,419	6,193,527
Unrestricted	5,446,607	(1,872,525)	(601,953)	(28,355,257)	(36,999,457)
Total governmental activities net position	<u>\$ 24,406,812</u>	<u>\$ 25,210,330</u>	<u>\$ 26,690,567</u>	<u>\$ (68,521)</u>	<u>\$ (8,064,081)</u>
Business-type activities:					
Net investment in capital assets	\$ 9,544,860	\$ 9,613,340	\$ 11,468,718	\$ 12,181,977	\$ 12,525,066
Restricted	273,841	273,840	273,843	-	-
Unrestricted	4,585,840	5,897,400	5,611,580	6,059,829	5,640,007
Total business-type activities net position	<u>\$ 14,404,541</u>	<u>\$ 15,784,580</u>	<u>\$ 17,354,141</u>	<u>\$ 18,241,806</u>	<u>\$ 18,165,073</u>
Primary government:					
Net investment in capital assets	\$ 25,132,444	\$ 31,509,655	\$ 32,885,461	\$ 34,445,294	\$ 35,266,915
Restricted	3,646,462	5,460,380	6,149,620	6,023,419	6,193,527
Unrestricted	10,032,447	4,024,875	5,009,627	(22,295,428)	(31,359,450)
Total primary government net position	<u>\$ 38,811,353</u>	<u>\$ 40,994,910</u>	<u>\$ 44,044,708</u>	<u>\$ 18,173,285</u>	<u>\$ 10,100,992</u>



Notes:

In Fiscal Year 2014/15, the City implemented GASB 68 - Accounting and Financial Reporting for Pensions. This required the City to record a pension obligation that was previously not carried on the City's financial statements

City of Pacific Grove
Net Position By Component
Last Ten Fiscal Years

TABLE 1

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Governmental activities:					
Net investment in capital assets	\$ 25,668,607	\$ 27,258,794	\$ 27,964,295	\$ 32,572,615	\$ 37,925,984
Restricted	6,430,258	6,880,621	9,308,564	8,377,320	7,628,868
Unrestricted	(35,892,155)	(37,782,965)	(37,369,113)	(41,445,942)	(42,610,612)
Total governmental activities net position	\$ (3,793,290)	\$ (3,643,550)	\$ (96,254)	\$ (496,007)	\$ 2,944,240
Business-type activities:					
Net investment in capital assets	\$ 13,220,660	\$ 16,268,992	\$ 16,984,023	\$ 17,471,699	\$ 21,623,880
Restricted	-	295,090	296,448	296,448	296,448
Unrestricted	6,398,946	6,136,327	6,500,790	6,746,442	3,834,349
Total business-type activities net position	\$ 19,619,606	\$ 22,700,409	\$ 23,781,261	\$ 24,514,589	\$ 25,754,677
Primary government:					
Net investment in capital assets	\$ 38,889,267	\$ 43,527,786	\$ 44,948,318	\$ 50,044,314	\$ 59,549,864
Restricted	6,430,258	7,175,711	9,605,012	8,673,768	7,925,316
Unrestricted	(29,493,209)	(31,646,638)	(30,868,323)	(34,699,500)	(38,776,263)
Total primary government net position	\$ 15,826,316	\$ 19,056,859	\$ 23,685,007	\$ 24,018,582	\$ 28,698,917

Concluded

City of Pacific Grove
Changes in Net Position
Last Ten Fiscal Years

TABLE 2

	Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government	\$ 2,311,480	\$ 2,372,620	\$ 2,722,546	\$ 2,320,217	\$ 2,768,729
Public safety	8,086,693	7,591,216	6,783,251	7,144,172	8,675,956
Public works	2,636,102	2,964,967	3,847,820	3,357,831	4,057,715
Recreation	317,785	388,241	534,649	439,368	586,436
Library	1,042,065	776,636	778,981	662,076	844,521
Museum	201,184	191,753	200,369	195,868	258,591
Community Development	1,234,326	1,675,081	1,684,231	2,246,289	3,512,657
Interest and fiscal charges on long-term debt	1,238,744	1,940,274	2,102,187	1,323,094	1,209,972
Total governmental activities expenses	17,900,788	18,654,034	-	21,914,577	23,098,106
Business-type activities:					
Cemetery	252,436	211,866	236,615	231,261	295,388
Sewer	1,092,344	1,707,644	1,585,152	1,761,965	1,703,290
Local Water Project	-	-	-	-	-
Golf	2,759,340	2,186,562	2,073,405	811,666	420,788
Total business-type activities expenses	4,104,120	4,106,072	3,895,172	2,804,892	2,419,466
Total primary government expenses	\$ 22,004,908	\$ 22,760,106	\$ 3,895,172	\$ 24,719,469	\$ 25,517,572
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 285,369	\$ 433,402	\$ 305,112	\$ 874,861	\$ 1,398,707
Public safety	1,013,619	70,448	41,475	9,552	10,405
Public works	289,063	48,292	89,412	35,743	45,792
Recreation	43,097	181,316	236,005	322,363	295,341
Library	132,168	24,865	25,664	18,810	17,601
Museum	21,398	1,308	-	-	-
Community Development	159,075	332,890	335,515	564,954	578,575
Operating grants and contributions	786,541	768,547	1,170,116	960,553	2,354,025
Capital grants and contributions	-	777,309	100,000	104,677	36,050
Total governmental activities program revenues	2,730,330	2,638,377	2,303,299	2,891,513	4,736,496
Business-type activities:					
Charges for services:					
Cemetery	293,377	220,105	241,848	200,527	191,497
Sewer	2,573,438	2,636,516	2,788,017	2,908,507	2,967,074
Local Water Project					
Golf	2,535,188	2,542,365	2,050,807	405,552	386,916
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	245,410	857,774	48,405	152,830
Total business-type activities program revenues	5,402,003	5,644,396	5,938,446	3,562,991	3,698,317
Total primary government program revenues	8,132,333	8,282,773	8,241,745	6,454,504	8,434,813
Net (expense)/revenue:					
Governmental activities	(15,170,458)	(16,015,657)	2,303,299	(19,023,064)	(18,361,610)
Business-type activities	1,297,883	1,538,324	2,043,274	758,099	1,278,851
Total primary government net (expense)/revenue	\$ (13,872,575)	\$ (14,477,333)	\$ 4,346,573	\$ (18,264,965)	\$ (17,082,759)

City of Pacific Grove
Changes in Net Position
Last Ten Fiscal Years

TABLE 2

	Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 3,998,976	\$ 5,372,281	\$ 5,679,257	\$ 5,836,174	\$ 6,226,267
Sales and use taxes	2,941,271	3,111,379	3,325,567	3,534,495	3,325,809
Franchise taxes	880,008	1,010,451	1,046,677	975,090	1,041,653
Transient occupancy taxes	3,378,973	3,809,270	4,167,334	4,998,885	5,364,317
Utility users taxes	1,477,555	1,565,996	1,580,400	1,428,360	1,594,143
Business license tax	333,721	349,920	347,089	359,408	341,071
Other taxes	88,455	-	-	102,627	146,945
Unrestricted Investment earnings	223,845	89,544	334,802	257,602	253,846
Gain (loss) on sale of assets					
Miscellaneous or Other revenues	434,181	719,048	1,095,006	837,458	947,392
Transfers		124,058	507,135		5,301
Total governmental activities	13,756,985	16,151,947	18,083,267	18,330,099	19,246,744
Business-type activities:					
Unrestricted grants and contributions					
Unrestricted Investment earnings	44,460	32,654	33,422	26,693	67,318
Miscellaneous or Other revenues	61,985	-	-	102,878	113,560
Transfers	-	(124,058)	(507,135)	-	(5,301)
Total business-type activities	106,445	(91,404)	(473,713)	129,571	175,577
Total primary government	\$ 13,863,430	\$ 16,060,543	\$ 17,609,554	\$ 18,459,670	\$ 19,422,321
Change in Net Position					
Governmental activities	\$ (1,413,473)	\$ 136,290	\$ 20,386,566	\$ (692,965)	\$ 885,134
Business-type activities	1,404,328	1,446,920	1,569,561	887,670	1,454,428
Total primary government	\$ (9,145)	\$ 1,583,210	\$ 21,956,127	\$ 194,705	\$ 2,339,562

Source: City of Pacific Grove Finance Department

Cont'd

City of Pacific Grove
Changes in Net Position
Last Ten Fiscal Years

TABLE 2

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Expenses					
Governmental activities:					
General government	\$ 2,738,294	\$ 3,025,245	\$ 3,580,752	\$ 4,128,554	\$ 3,957,697
Public safety	10,117,543	10,133,896	10,713,679	12,447,605	12,345,886
Public works	4,136,425	4,110,946	4,246,913	5,105,747	4,916,879
Recreation	684,848	737,279	924,517	894,381	765,613
Library	988,284	920,946	1,166,226	1,496,673	864,956
Museum	277,538	255,915	319,386	340,375	262,137
Community Development	3,086,903	2,897,897	2,834,404	3,150,193	3,340,137
Interest and fiscal charges on long-term debt	1,068,271	963,134	854,804	726,958	676,055
Total governmental activities expenses	23,098,106	23,045,258	24,640,681	28,290,486	27,129,360
Business-type activities:					
Cemetery	293,068	370,747	436,338	533,247	498,927
Sewer	1,751,842	2,367,950	2,080,696	2,474,580	2,178,853
Local Water Project	-	190,977	425,525	957,886	881,378
Golf	349,811	371,646	894,206	286,074	342,872
Total business-type activities expenses	2,394,721	3,301,320	3,836,765	4,251,787	3,902,030
Total primary government expenses	\$ 25,492,827	\$ 26,346,578	\$ 28,477,446	\$ 32,542,273	\$ 31,031,390
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,338,655	\$ 1,596,481	\$ 1,505,113	\$ 1,435,262	\$ 1,474,806
Public safety	11,222	33,363	37,570	31,040	25,410
Public works	32,993	43,434	17,860	323	1,649
Recreation	377,778	403,889	417,437	337,926	295,233
Library	19,925	16,364	13,177	18,506	34,477
Museum	-	-	-	-	-
Community Development	664,133	544,275	745,737	660,429	939,297
Operating grants and contributions	4,105,908	856,196	824,805	891,298	1,200,286
Capital grants and contributions	96,383	424,950	347,095	1,976,852	4,715,110
Total governmental activities program revenues	6,646,997	3,918,952	3,908,794	5,351,636	8,686,268
Business-type activities:					
Charges for services:					
Cemetery	288,712	452,283	459,761	481,915	634,039
Sewer	3,139,222	3,244,931	3,317,734	3,407,708	3,501,697
Local Water Project	-	192,787	484,603	524,040	597,835
Golf	354,093	333,534	426,839	287,603	361,704
Operating grants and contributions	-	-	-	-	9,800
Capital grants and contributions	-	2,353,823	-	-	-
Total business-type activities program revenues	3,782,027	6,577,358	4,688,937	4,701,266	5,105,075
Total primary government program revenues	10,429,024	10,496,310	8,597,731	10,052,902	13,791,343
Net (expense)/revenue:					
Governmental activities	(16,451,109)	(19,126,306)	(20,731,887)	(22,938,850)	(18,443,092)
Business-type activities	1,387,306	3,276,038	852,172	449,479	1,203,045
Total primary government net (expense)/revenue	\$ (15,063,803)	\$ (15,850,268)	\$ (19,879,715)	\$ (22,489,371)	\$ (17,240,047)

City of Pacific Grove
Changes in Net Position
Last Ten Fiscal Years

TABLE 2

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 6,557,824	\$ 6,851,928	\$ 7,306,184	\$ 7,632,399	\$ 8,191,673
Sales and use taxes	4,159,401	4,075,744	5,139,045	4,765,472	5,000,873
Franchise taxes	915,094	1,082,574	1,226,524	1,176,215	1,392,700
Transient occupancy taxes	5,829,610	6,656,849	6,796,087	5,310,063	3,978,577
Utility users taxes	1,593,887	1,688,876	1,641,172	1,643,614	1,858,652
Business license tax	402,881	381,810	370,655	396,533	361,674
Other taxes	125,487	121,192	110,554	110,823	222,242
Unrestricted Investment earnings	74,222	142,104	628,116	555,482	22,612
Gain (loss) on sale of assets					
Miscellaneous or Other revenues	984,164	552,320	1,060,846	942,680	854,336
Transfers		356,016	-	(18,676)	-
Total governmental activities	20,642,570	21,909,413	24,279,183	22,514,605	21,883,339
Business-type activities:					
Unrestricted grants and contributions					
Unrestricted Investment earnings	9,754	42,764	206,178	259,560	4,852
Miscellaneous or Other revenues	57,473	118,017	22,502	5,613	32,191
Transfers	-	(356,016)	-	18,676	-
Total business-type activities	67,227	(195,235)	228,680	283,849	37,043
Total primary government	\$ 20,709,797	\$ 21,714,178	\$ 24,507,863	\$ 22,798,454	\$ 21,920,382
Change in Net Position					
Governmental activities	\$ 4,191,461	\$ 2,783,107	\$ 3,547,296	\$ (424,245)	\$ 3,440,247
Business-type activities	1,454,533	3,080,803	1,080,852	733,328	1,240,088
Total primary government	\$ 5,645,994	\$ 5,863,910	\$ 4,628,148	\$ 309,083	\$ 4,680,335

Source: City of Pacific Grove Finance Department

Concluded

City of Pacific Grove

Fund Balances of Governmental Funds

Last Ten Fiscal Years

TABLE 3

	Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016
General Fund					
Non-spendable					
Prepaid assets	\$ 162,413	\$ -	\$ -	\$ 25,878	\$ 27,904
Assigned	2,467,910	125,277	305,554	240,922	261,771
Unassigned	613,334	4,073,763	5,789,263	7,956,937	9,632,848
Total General Fund	<u>\$ 3,243,657</u>	<u>\$ 4,199,040</u>	<u>\$ 6,094,817</u>	<u>\$ 8,223,737</u>	<u>\$ 9,922,523</u>
All other governmental funds					
Reserved					
Long-term loan receivable	\$ 1,794,545	\$ -	\$ -	\$ -	\$ -
Unreserved, designated, reported in:					
Special revenue funds	2,723,898	-	-	-	-
Capital projects funds	555,173	-	-	-	-
Non-spendable					
Prepaid assets	-	-	-	4,215	-
Permanent funds	2,443,987	2,481,616	2,558,499	2,643,651	2,761,263
Restricted					
Social service programs	-	442,099	525,887	507,885	622,022
Public safety	-	125,153	553,676	377,053	482,400
Community development	-	1,712,531	1,927,833	1,801,999	1,786,526
Street improvements	-	345,060	239,731	179,252	570
Debt service	93,550	80,081	70,151	63,579	90,746
Unassigned	-	-	(56,185)	(32,658)	157,765
Total all other governmental funds	<u>\$ 7,611,153</u>	<u>\$ 5,186,540</u>	<u>\$ 5,819,592</u>	<u>\$ 5,544,976</u>	<u>\$ 5,901,292</u>

Source: City of Pacific Grove Finance Department

Cont'd

City of Pacific Grove

Fund Balances of Governmental Funds

Last Ten Fiscal Years

TABLE 3

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
General Fund					
Non-spendable					
Prepaid assets	\$ -	\$ 210,824	\$ 31,373	\$ -	\$ -
Assigned	279,660	286,638	268,962	100,398	97,042
Unassigned	11,352,442	11,365,650	11,230,403	9,713,336	9,910,606
Total General Fund	<u>\$ 11,632,102</u>	<u>\$ 11,863,112</u>	<u>\$ 11,530,738</u>	<u>\$ 9,813,734</u>	<u>\$ 10,007,648</u>
All other governmental funds					
Reserved					
Long-term loan receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Non-spendable					
Prepaid assets	-	-	-	-	-
Permanent funds	2,855,521	2,899,737	3,029,024	3,129,132	3,190,775
Restricted					
Social service programs	549,372	704,968	832,061	723,787	748,183
Public safety	772,241	908,239	842,518	808,626	764,767
Community development	2,057,868	2,120,819	3,414,820	2,424,125	1,632,662
Street improvements	104,510	223,651	1,214,471	1,291,650	1,292,481
Debt service	90,746	23,207	-	-	-
Unassigned	19,306	(57,994)	(86,180)	(9,020)	(8,349)
Total all other governmental funds	<u>\$ 6,449,564</u>	<u>\$ 6,822,627</u>	<u>\$ 9,246,714</u>	<u>\$ 8,368,300</u>	<u>\$ 7,620,519</u>

Source: City of Pacific Grove Finance Department

Concluded

City of Pacific Grove
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

TABLE 4

	Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016
Revenues					
Taxes	\$ 13,098,959	\$ 15,219,297	\$ 16,146,324	\$ 17,235,039	\$ 18,040,205
Intergovernmental revenues	1,967,347	1,132,932	845,946	786,672	2,129,066
Licenses, permits, and impact fees	345,167	412,924	424,170	440,403	481,304
Fines and forfeitures	48,900	76,125	50,370	49,714	127,740
Charges for services	1,549,722	1,016,396	982,813	1,062,829	1,454,936
Use of money and property	223,845	89,544	334,802	489,037	467,624
Contributions	-	-	-	-	-
Other revenues	2,095,374	719,048	1,237,666	901,452	1,181,216
Total revenues	19,329,314	18,666,266	20,022,091	20,965,146	23,882,091
Expenditures					
General government	2,440,953	2,429,557	2,521,715	2,317,327	2,522,818
Public safety					
Police	5,750,059	5,003,017	4,320,909	4,960,868	5,345,441
Fire	2,920,112	2,418,886	2,331,484	2,296,708	2,647,804
Public works	2,472,551	2,582,021	3,437,789	2,951,525	3,298,160
Recreation	368,636	360,888	497,896	413,832	516,486
Library	1,130,520	771,147	773,492	677,900	781,275
Museum	183,033	177,952	188,713	190,271	229,053
Community development	1,360,674	1,789,245	1,684,231	2,319,204	3,258,093
Capital Outlay	596,108	910,266	66,686	952,906	1,148,160
Debt Service					
Principal	1,489,870	1,468,455	1,496,503	1,264,632	1,250,399
Interest and fiscal charges	523,030	598,447	680,979	765,673	834,601
Total expenditures	19,235,546	18,509,881	18,000,397	19,110,846	21,832,290
Excess of revenues over (under) expenditures	93,768	156,385	2,021,694	1,854,300	2,049,801
Other financing sources (uses)					
Loans	-	-	-	-	-
Transfers in	418,488	240,847	507,135	753,277	906,787
Transfers out	(418,488)	(116,789)		(753,277)	(901,486)
Total other financing sources (uses)	-	124,058	507,135	-	5,301
Net change in fund balances	\$ 93,768	\$ 280,443	\$ 2,528,829	\$ 1,854,300	\$ 2,055,102
Total Expenditures	\$ 19,235,546	\$ 18,509,881	\$ 18,000,397	\$ 19,110,846	\$ 21,832,290
Capitalized Portion of Capital Outlay	589,172	910,266	66,686	1,411,285	1,006,089
Total Non-Capitalized Expenditures	\$ 18,646,374	\$ 17,599,615	\$ 17,933,711	\$ 17,699,561	\$ 20,826,201
Debt Service: Principal & Interest	\$ 2,012,900	\$ 2,066,902	\$ 2,177,482	\$ 2,030,305	\$ 2,085,000
Debt service as a percentage of noncapital expenditures	10.8%	11.7%	12.1%	11.5%	10.0%

Source: City of Pacific Grove Finance Department

Cont'd

City of Pacific Grove
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

TABLE 4

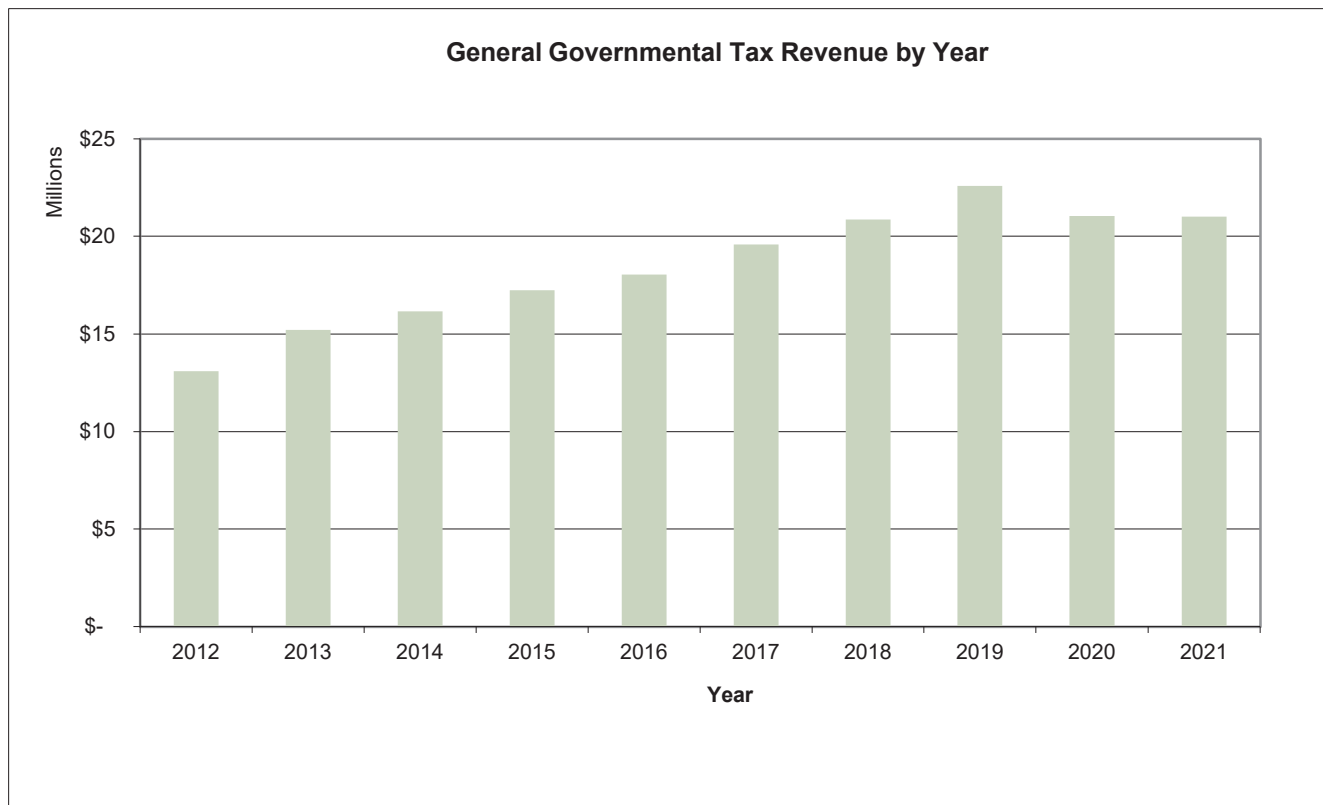
	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Revenues					
Taxes	\$ 19,584,184	\$ 20,858,973	\$ 22,590,221	\$ 21,035,119	\$ 21,006,391
Intergovernmental revenues	4,109,269	1,191,898	1,049,471	1,111,037	5,320,214
Licenses, permits, and impact fees	576,779	521,403	547,193	576,735	873,727
Fines and forfeitures	110,665	282,841	169,534	179,797	36,984
Charges for services	1,689,714	1,734,163	1,854,406	1,609,729	1,617,182
Use of money and property	297,620	371,272	852,787	781,062	260,008
Contributions	-	-	-	1,728,705	333,646
Other revenues	803,453	943,496	1,073,162	799,307	1,267,634
Total revenues	27,171,684	25,904,046	28,136,774	27,821,491	30,715,786
Expenditures					
General government	2,453,176	2,964,942	3,442,825	3,518,628	3,452,693
Public safety					
Police	6,097,399	6,599,789	6,955,766	7,098,044	6,959,934
Fire	2,998,969	3,354,865	3,345,523	3,512,675	3,823,118
Public works	3,294,064	3,521,686	3,463,725	3,731,449	3,511,330
Recreation	594,636	678,454	837,231	707,073	596,413
Library	895,836	916,031	1,138,981	1,268,508	766,742
Museum	241,227	251,422	308,156	290,661	227,862
Community development	2,798,269	2,882,752	2,763,667	2,721,348	2,967,534
Capital Outlay	3,525,129	2,426,177	1,985,711	5,876,584	6,863,582
Debt Service					
Principal	1,170,427	1,097,822	960,277	951,114	924,776
Interest and fiscal charges	924,034	962,049	1,014,752	1,052,927	1,175,669
Total expenditures	24,993,166	25,655,989	26,216,614	30,729,011	31,269,653
Excess of revenues over (under) expenditures	2,178,518	248,057	1,920,160	(2,907,520)	(553,867)
Other financing sources (uses)					
Loans	-	-	147,061	-	-
Transfers in	621,455	989,603	2,423,254	2,787,200	899,862
Transfers out	(621,455)	(633,587)	(2,423,254)	(2,475,098)	(899,862)
Total other financing sources (uses)	-	356,016	147,061	312,102	-
Net change in fund balances	\$ 2,178,518	\$ 604,073	\$ 2,067,221	\$ (2,595,418)	\$ (553,867)
Total Expenditures	\$ 24,993,166	\$ 25,655,989	\$ 26,216,614	\$ 30,729,011	\$ 31,269,653
Capitalized Portion of Capital Outlay	3,525,129	2,350,159	1,984,274	5,873,015	6,901,135
Total Non-Capitalized Expenditures	\$ 21,468,037	\$ 23,305,830	\$ 24,232,340	\$ 24,855,996	\$ 24,368,518
Debt Service: Principal & Interest	\$ 2,094,461	\$ 2,059,871	\$ 1,975,029	\$ 2,004,041	\$ 2,100,445
Debt service as a percentage of noncapital expenditures	9.8%	8.8%	8.2%	8.1%	8.6%

Source: City of Pacific Grove Finance Department

Concluded

General Governmental Tax Revenues by Source¹
Last Ten Fiscal Years

Fiscal Year Ended June 30	Property	Sales and Use	Franchise	Transient Occupancy	Utility Users	Business License	Other Tax	Total
2012	\$ 3,998,976	\$ 2,941,271	\$ 880,008	\$ 3,378,973	\$ 1,477,555	\$ 333,721	\$ 88,455	\$ 13,098,959
2013	5,372,281	3,111,379	1,010,451	3,809,270	1,565,996	349,920	-	15,219,297
2014	5,679,257	3,325,567	1,046,677	4,167,334	1,580,400	347,089	-	16,146,324
2015	5,836,174	3,534,495	975,090	4,998,885	1,428,360	359,408	102,627	17,235,039
2016	6,226,267	3,325,809	1,041,653	5,364,317	1,594,143	341,071	146,945	18,040,205
2017	6,557,824	4,159,401	915,094	5,829,610	1,593,887	402,881	125,487	19,584,184
2018	6,851,928	4,075,744	1,082,574	6,656,849	1,688,876	381,810	121,192	20,858,973
2019	7,306,184	5,139,045	1,226,524	6,796,087	1,641,172	370,655	110,554	22,590,221
2020	7,632,399	4,765,472	1,176,215	5,310,063	1,643,614	396,533	110,823	21,035,119
2021	8,191,673	5,000,873	1,392,700	3,978,577	1,858,652	361,674	222,242	21,006,391



Notes:

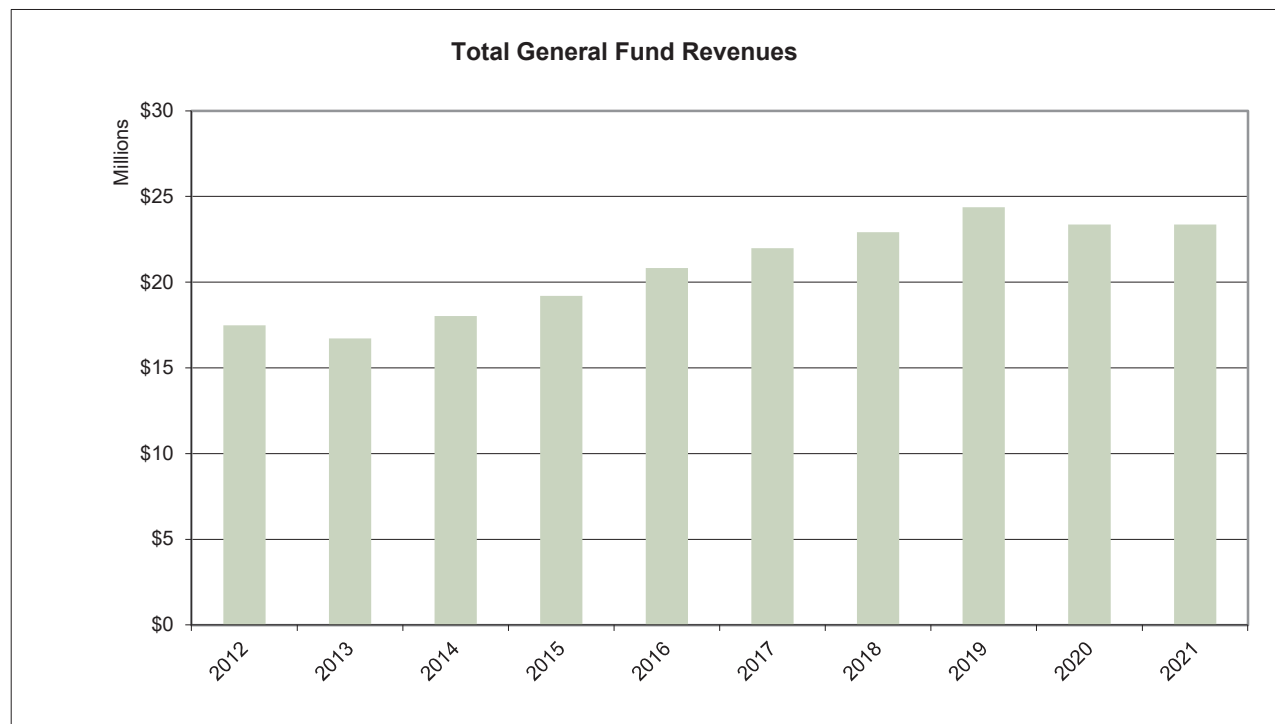
¹ References all governmental funds

Source: City of Pacific Grove Finance Department

City of Pacific Grove
General Fund Revenues by Source
Last Ten Fiscal Years

TABLE 6

Fiscal Year Ended June 30	Taxes	Inter- Governmental	Licenses, Permits, Impact Fees	Fines and Forfeitures	Charges for Services	Interest, Rents and Concessions	Other Revenues	Total
2012	\$ 12,725,418	\$ 1,242,568	\$ 345,167	\$ 48,900	\$ 1,229,310	\$ 172,317	\$ 1,709,683	\$ 17,473,363
2013	14,580,821	150,136	412,924	76,125	1,016,396	68,203	401,809	16,706,414
2014	15,500,875	118,692	424,170	50,370	982,813	270,920	674,157	18,021,997
2015	16,532,093	163,543	440,403	49,714	983,061	433,491	589,932	19,192,237
2016	17,358,914	229,671	481,304	127,740	1,367,494	355,293	893,646	20,814,062
2017	18,805,809	111,092	576,779	110,665	1,545,556	265,903	561,992	21,977,796
2018	19,754,218	87,478	521,403	282,841	1,643,238	259,883	370,158	22,919,219
2019	21,018,950	92,206	547,193	169,534	1,585,098	553,032	398,817	24,364,830
2020	19,741,066	171,317	576,735	179,797	1,456,261	523,280	708,420	23,356,876
2021	19,679,908	116,159	873,727	36,984	1,538,638	213,705	909,176	23,368,297

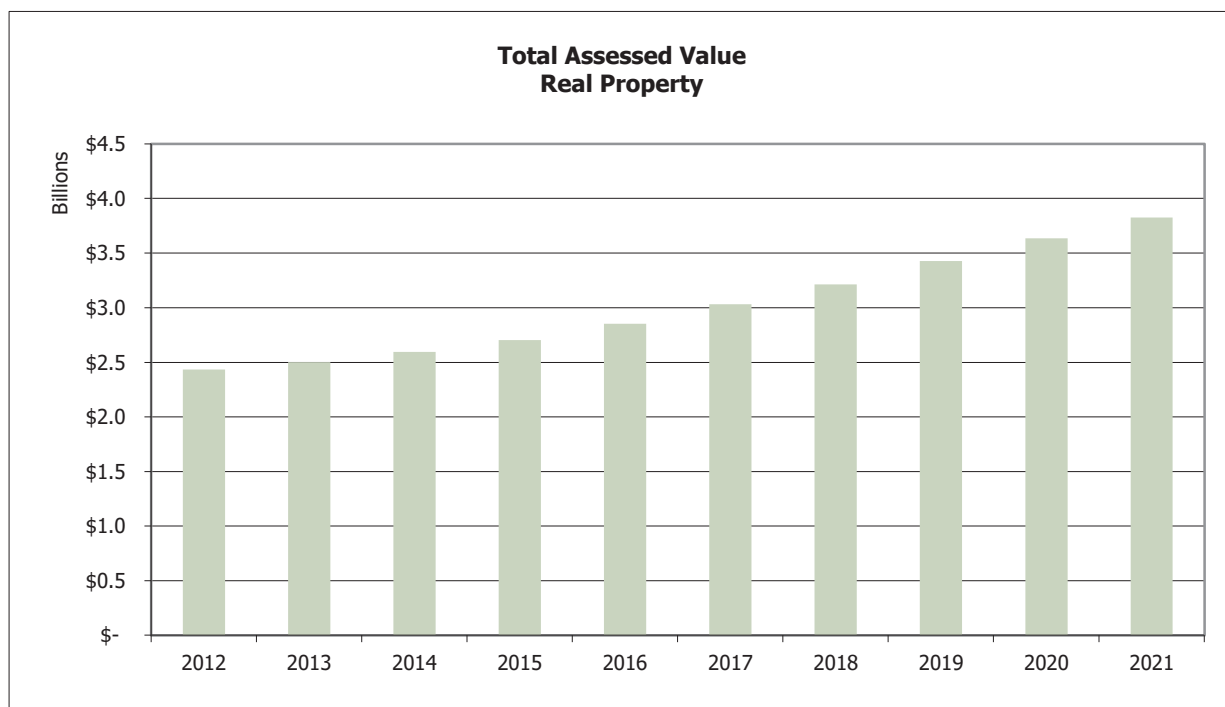


Source: City of Pacific Grove Finance Department

City of Pacific Grove
Net Assessed Value of Taxable Property
Last Ten Fiscal Years

TABLE 7

Fiscal Year Ended June 30	Real Property				Personal Property	Total Assessed Value	Total Direct Tax Rate
	Residential	Commercial	Other	Total			
2012	\$ 2,179,172,919	\$ 218,873,116	\$ 35,682,180	\$ 2,433,728,215	\$ 35,414,243	\$ 2,469,142,458	16.077%
2013	2,239,987,027	227,208,290	35,438,101	2,502,633,418	35,155,400	2,537,788,818	15.826%
2014	2,335,856,065	228,837,888	30,928,929	2,595,622,882	35,984,111	2,631,606,993	16.124%
2015	2,438,540,047	229,888,967	35,379,902	2,703,808,916	38,757,828	2,742,566,744	16.129%
2016	2,582,410,785	238,447,123	33,362,264	2,854,220,172	40,617,474	2,894,837,646	16.241%
2017	2,747,369,747	246,883,728	36,894,923	3,031,148,398	41,950,516	3,073,098,914	16.204%
2018 ¹⁾	2,918,531,066	265,910,702	30,645,309	3,215,087,077	42,996,800	3,258,083,877	16.204%
2019	3,112,639,411	265,486,441	48,587,979	3,426,713,831	42,749,505	3,469,463,336	15.879%
2020	3,307,434,783	274,948,202	53,236,808	3,635,619,793	46,292,980	3,681,912,773	15.883%
2021	3,484,607,327	279,870,522	58,693,772	3,823,171,621	46,589,365	3,869,760,986	15.889%



Notes:

¹ The 2018 property data did not allocate exemptions. The exemption total was allocated based on the prior percentage of exemptions for each category

Total Direct Tax Rate is from Table 8. Rates are based on a \$100 of taxable value.

Exempt values are not included in Total.

With the passage of a constitutional amendment (Proposition 13) and subsequently enacted State legislation, property is assessed according to a base year rather than on a percentage of market value. Accordingly, a reliable estimate of actual value of taxable property within the City is not possible.

City of Pacific Grove
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of Taxable Value)

TABLE 8

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Direct Rates:										
General Obligation Bonds	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0040	\$ 0.0035	\$ -	\$ -	\$ -	\$ -
Total Direct Rate	0.0030	0.0030	0.0030	0.0030	0.0040	0.0035	-	-	-	-
Overlapping Rates ¹ :										
County ²	1.000	1.000	1.000	1.000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
School Districts										
Monterey Peninsula College A, B, C	0.024	0.016	0.032	0.023	0.023	0.022	0.022	0.021	0.021	0.020
Pacific Grove Unified B, C, D	0.084	0.074	0.073	0.083	0.083	0.085	0.065	0.062	0.063	0.078
Total Overlapping Rate	1.108	1.089	1.105	1.106	1.106	1.108	1.087	1.083	1.084	1.098
Total Direct and Overlapping Rate	\$ 1.1107	\$ 1.0923	\$ 1.1083	\$ 1.1089	\$ 1.1099	\$ 1.1113	\$ 1.0868	\$ 1.0831	\$ 1.0839	\$ 1.0978
City Share of 1% Levy per Prop. 13 ⁽³⁾	\$ 0.1612	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607
Voter Approved City Debt Rate	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0040	\$ 0.0035	\$ -	\$ -	\$ -	\$ -
Total Direct Rate ⁽⁴⁾	\$ 0.1608	\$ 0.1583	\$ 0.1612	\$ 0.1613	\$ 0.1624	\$ 0.1620	\$ 0.1620	\$ 0.1588	\$ 0.1588	\$ 0.1589

Notes:

- 1 Overlapping rates are those of entities that apply to property owners within the City of Pacific Grove. Not all overlapping rates apply to all property owners (e.g., the rates for school districts apply only to the proportion of the city's property owners whose property is located within the geographic boundaries of the school district).
- 2 The passage of a constitutional amendment (Proposition 13) in June 1978 limits the property tax rate to a base of \$1.00 per \$100. The \$1.00 rate is levied by the County and apportioned to local agencies according to a formula prescribed by the California legislature.
- 3 From Fiscal Year 2009/10 to 2017/18 the average City of Share of the 1% levy per Prop. 13 was \$0.1972. This amount included the Educational Revenue Augmentation Fund (ERAF) share of the Pacific Grove General Fund property taxes. This amount was approximately \$0.0369. To assist with future consistency in reporting, the amounts were restated to reflect the Pacific Grove General Fund share of property taxes without ERAF.

The Total Direct Rate is the weighted average of all individual direct rates applied by the City preparing the statistical section information and excludes revenues derived from aircraft.

Source: Monterey County Assessors 2011/12 - 2020/21 Tax Table, HdL Companies, Coren & Cone

City of Pacific Grove
Principal Property Tax Owners
Current Year and Nine Years Ago

TABLE 9

Tax Owner	2021			2012		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Roic California LLC	\$ 26,128,464	1	0.68%	18,822,905	1	0.76%
Monarch Pines Homeowners Assoc.	24,477,212	2	0.63%			
Sequoia Equities - Pacific Grove	22,197,113	3	0.57%	\$ 16,500,010	2	0.67%
Pacific Grove Home Sweet Home LLC	21,453,620	4	0.55%	-		-
Aramark Sports Entertainment	19,363,254	5	0.50%	13,637,020	3	0.55%
WGA Grove Acres LP	16,404,905	6	0.42%	11,734,076	5	0.48%
Boutique Inns LLC	15,566,017	7	0.40%			-
Foursome Development Company	12,457,968	8	0.32%	10,667,517	7	0.43%
Pacifica Lighthouse LP	12,183,093	9	0.31%			-
California American Water Company	10,241,926	10	0.26%			-
Douglas W. Johnson				11,686,164	6	0.47%
Green Valley Corporation				9,220,057	8	0.37%
Holman Building Associates LP				6,423,213	10	0.26%
OMC Lighthouse Lodge LLC				12,910,995	4	0.52%
Villa Del Mar Apts				7,860,070	9	0.32%
Totals	\$ 180,473,572		4.66%	\$ 119,462,027		4.84%
Total assessed value	\$ 3,869,760,986			\$ 2,469,142,458		

Notes:

Tax owners and values presented in this table reflect the County's Assessment Roll Reports.

Source: Monterey County Assessor data, Avenu Insights & Analytics; and HdL, Coren, and Cone

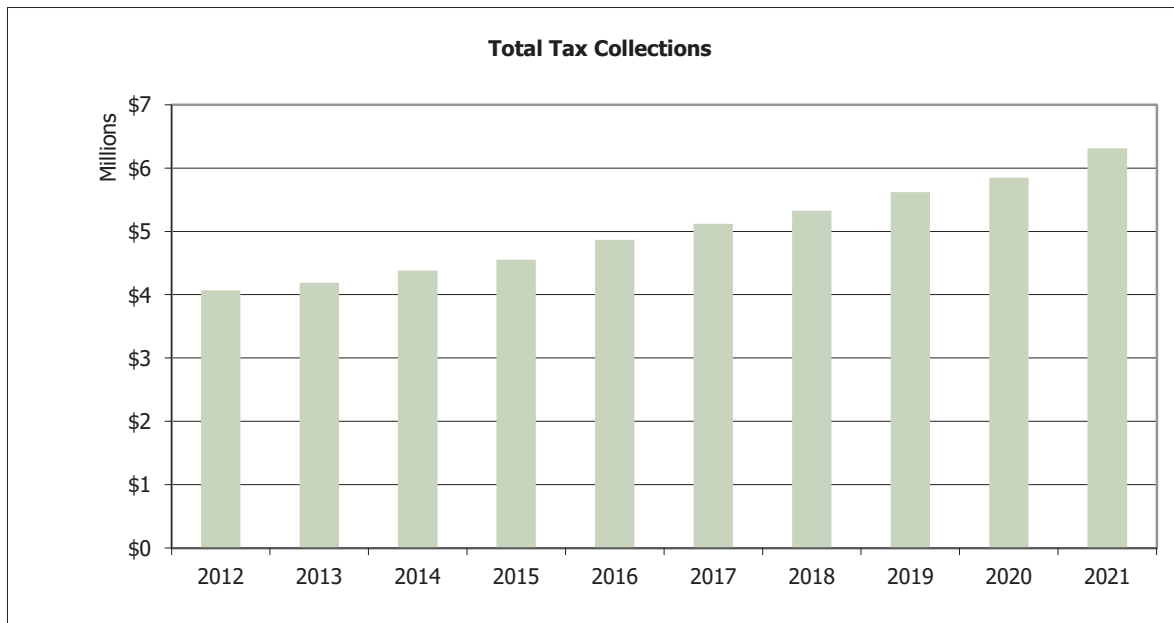
Total Taxable Value includes State Unitary

Source: Monterey County Assessor 2011/12 and 2020/21 Combined Tax Rolls and the SBE Unitary Tax Roll

City of Pacific Grove
Property Tax Levies and Collections
Last Ten Fiscal Years

TABLE 10

Fiscal Year Ended June 30	Collected within the Fiscal Year of Levy					
	Total Tax Levy ¹	Current Tax Collections ²	Percent of Levy Collected	Supplemental Tax Collections	Delinquent Tax Collections ³	Total Collections
2012	\$ 4,043,715	\$ 3,894,354	96.3%	\$ 51,762	\$ 122,408	\$ 4,068,524
2013	4,092,438	4,047,146	98.9%	60,464	82,343	4,189,953
2014	4,322,151	4,217,087	97.6%	82,679	79,953	4,379,719
2015	4,505,763	4,404,126	97.7%	83,785	64,142	4,552,053
2016	4,817,299	4,691,501	97.4%	100,936	74,690	4,867,127
2017	5,087,208	4,954,066	97.4%	93,055	70,203	5,117,324
2018	5,279,399	5,155,609	97.7%	106,153	64,907	5,326,669
2019	5,509,161	5,412,231	98.2%	125,259	80,007	5,617,497
2020	5,847,982	5,688,427	97.3%	101,049	58,108	5,847,584
2021	6,148,663	6,100,480	99.2%	131,177	80,338	6,311,994



Notes:

- 1 The Monterey County Auditor-Controller's Office does not list the total assessed value. This amount is calculated referencing the assessed values of properties and the total direct tax rate and general obligation rate for the City of Pacific Grove.
- 2 Monterey County reports collections as current period, irregardless of original level year.
- 3 The amounts listed in this column represent prior year secured, prior year secured, unsecured, and unitary taxes.

Source: County of Monterey Auditor-Controller's Office
City of Pacific Grove Finance Department

City of Pacific Grove
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

TABLE 11

	Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016
Governmental Activities:					
General obligation bonds	\$ 482,086	\$ 411,120	\$ 336,197	\$ 257,439	\$ 175,057
Pension obligation bonds	19,860,091	18,908,410	18,097,866	17,431,558	16,625,139
Capital leases	607,936	356,349	302,534	200,761	82,534
PG & E Loan	-	-	-	-	-
Total Governmental Activities	20,950,113	19,675,879	18,736,597	17,889,758	16,882,730
Business-type Activities:					
Revenue bonds - Wastewater refunding bonds	1,173,311	1,220,588	1,151,740	1,103,096	1,052,184
Site Lease - Golf course	-	-	-	3,044,767	2,903,599
Certificates of participation - Golf course	3,475,000	3,395,000	3,310,000	-	-
Capital Leases	71,444	26,737	-	-	-
Loan- Local water project construction, State loan	-	-	-	-	960,522
Loan - PG & E Loan	-	-	-	-	-
Total Business-type Activities	4,719,755	4,642,325	4,461,740	4,147,863	4,916,305
Total Primary Government	\$ 25,669,868	\$ 24,318,204	\$ 23,198,337	\$ 22,037,621	\$ 21,799,035
Personal income ¹	\$ 619,885,000	\$ 649,562,000	\$ 662,082,000	\$ 675,827,000	\$ 717,389,000
Debt as percentage of personal income	4.14%	3.74%	3.50%	3.26%	3.04%
Population ²	15,219	15,268	15,431	15,394	15,352
Debt per capita	1,687	1,593	1,503	1,432	1,420
Assessed value ³	2,537,788,818	2,631,606,993	2,742,566,744	2,894,837,646	3,073,098,914
Debt as percentage of assessed value	1.01%	0.92%	0.85%	0.76%	0.71%

Notes:

Source:

¹ US Department of Commerce, Bureau of Economic Analysis (refer to Table 16).

² California Department of Finance

³ HdL Companies and Avenu Insights and Analytics

City of Pacific Grove Finance Department

Cont'd

City of Pacific Grove
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

TABLE 11

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Governmental Activities:					
General obligation bonds	\$ 89,194	\$ -	\$ -	\$ -	\$ -
Pension obligation bonds	15,712,560	14,680,804	13,522,530	12,228,861	10,785,885
Capital leases	16,787	-	-	-	-
PG & E Loan	-	-	145,110	121,696	98,281
Total Governmental Activities	15,818,541	14,680,804	13,667,640	12,350,557	10,884,166
Business-type Activities:					
Revenue bonds - Wastewater refunding bonds	999,045	943,812	886,575	827,487	766,573
Site Lease - Golf course	2,756,223	2,602,366	2,441,744	2,274,059	2,099,001
Certificates of participation - Golf course	-	-	-	-	-
Capital Leases	-	-	-	-	-
Loan- Local water project construction, State loan	6,308,658	5,328,076	5,174,788	5,020,088	4,863,840
Loan - PG & E Loan	-	-	7,791	4,869	1,947
Total Business-type Activities	10,063,926	8,874,254	8,510,898	8,126,503	7,731,361
Total Primary Government	\$ 25,882,467	\$ 23,555,058	\$ 22,178,538	\$ 20,477,060	\$ 18,615,527
Personal income ¹	\$ 740,117,000	\$ 766,209,000	\$ 759,116,000	\$ 776,384,000	\$ 795,868,000
Debt as percentage of personal income	3.50%	3.07%	2.92%	2.64%	2.34%
Population ²	15,498	15,660	15,883	15,265	15,536
Debt per capita	1,670	1,504	1,396	1,341	1,198
Assessed value ³	3,073,098,914	3,258,083,877	3,469,463,336	3,681,912,773	3,869,760,986
Debt as percentage of assessed value	0.84%	0.72%	0.64%	0.56%	0.48%

Notes:

Source:

¹ US Department of Commerce, Bureau of Economic Analysis

² California Department of Finance

³ HdL Companies and Avenu Insights and Analytics

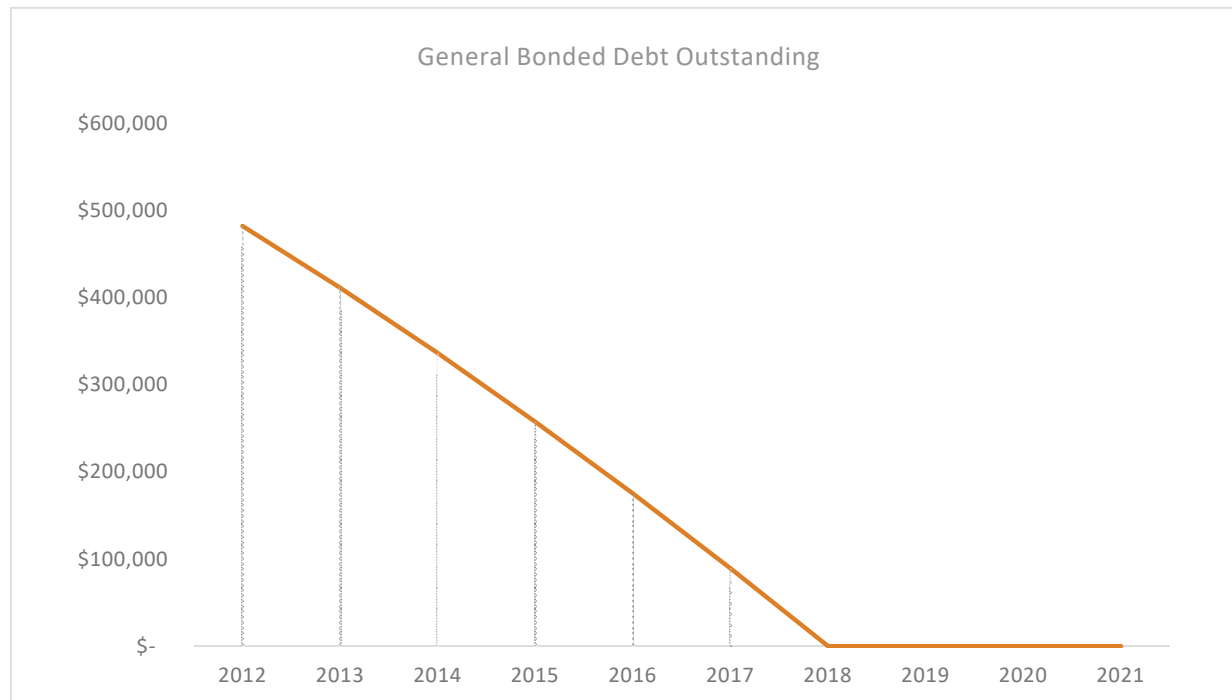
City of Pacific Grove Finance Department

Concluded

City of Pacific Grove
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

TABLE 12

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total	Percentage of Assessed Value	Debt Per Capita	Assessed Value ¹	Population ²
2012	\$ 482,086	\$ 93,550	\$ 388,536	0.02%	26	2,469,142,458	15,219
2013	411,120	80,081	331,039	0.01%	22	2,537,788,818	15,268
2014	336,197	70,151	266,046	0.01%	17	2,631,606,993	15,431
2015	257,439	63,579	193,860	0.01%	13	2,742,566,744	15,394
2016	175,057	90,746	84,311	0.00%	5	2,894,837,646	15,352
2017	89,194	110,052	(20,858)	0.00%	(1)	3,073,098,914	15,498
2018	-	23,207	(20,858)	0.00%	(1)	3,258,083,877	15,660
2019	-	-	-	0.00%	-	3,469,463,336	15,883
2020	-	-	-	0.00%	-	3,681,912,773	15,265
2021	-	-	-	0.00%	-	3,869,760,986	15,265



Source: ¹ HdL Companies and Avenu Insights and Analytics

² California Department of Finance

City of Pacific Grove Finance Department

City of Pacific Grove
Computation of Direct and Overlapping Debt
June 30, 2021

TABLE 13

2020-2021 Assessed Valuation \$ 3,869,760,986

	Total Debt Outstanding	Percentage Applicable to City ⁽¹⁾	Amount Applicable to City
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Monterey Peninsula Community College District	\$ 109,868,522	9.490%	\$ 10,426,523
Pacific Grove Unified School District	44,143,000	61.401%	27,104,243
Total Direct and Overlapping Tax and Assessment Debt	<u>\$ 154,011,522</u>		<u>\$ 37,530,766</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Monterey County General Fund Obligations	139,253,793	5.225%	7,276,011
Monterey County Board of Education Certificates of Participation	5,006,000	5.225%	261,564
Monterey County Water Resources Agency General Fund Obligations	20,370,000	5.225%	1,064,333
City of Pacific Grove Pension Obligation Bonds	4,397,978	100.000%	4,397,978
City of Pacific Grove Pacific Gas and Electric (PG & E) Loan	98,281	100.000%	98,281
Total Gross Direct and Overlapping General Fund Debt	169,126,052		13,098,167
Less: Monterey County supported obligations			(172,279)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>12,925,888</u>
TOTAL DIRECT DEBT			\$ 4,496,259
TOTAL GROSS OVERLAPPING DEBT			\$ 46,132,674
TOTAL NET OVERLAPPING DEBT			\$ 45,960,395
GROSS COMBINED TOTAL DEBT			\$ 50,628,933
NET COMBINED TOTAL DEBT			\$ 50,456,654

Notes:

- (1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2020-21 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt	0.97%
Total Direct Debt (\$5,299,340)	0.12%
Gross Combined Total Debt	1.31%
Net Combined Total Debt	1.30%

Source: Avenu Insights and Analytics

City of Pacific Grove
Legal Debt Margin Information
Last Ten Fiscal Years

TABLE 14

	Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016
Debt limit	\$ 370,371,369	\$ 380,668,323	\$ 394,741,049	\$ 411,385,012	\$ 434,225,647
Total net debt applicable to limit	388,536	331,039	266,046	193,860	84,311
Legal debt margin	\$ 369,982,833	\$ 380,337,284	\$ 394,475,003	\$ 411,191,152	\$ 434,141,336
Total net debt applicable to the limit as a percentage of debt limit	0.10%	0.09%	0.07%	0.05%	0.02%
					Cont'd

City of Pacific Grove
Legal Debt Margin Information
Last Ten Fiscal Years

TABLE 14

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Debt limit	\$ 460,964,837	\$ 488,712,582	\$ 520,419,500	\$ 552,286,916	\$ 580,464,148
Total net debt applicable to limit	(20,858)	(23,207)	-	-	-
Legal debt margin	\$ 460,985,695	\$ 488,735,789	\$ 520,419,500	\$ 552,286,916	\$ 580,464,148
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation For Fiscal Year 2016-17:

Total assessed value	\$ 3,869,760,986
Debt limit (15% of total assessed value)	580,464,148
Debt applicable to limit:	
General obligation bonds (reported at accreted value)	-
Less: Amount available in debt service fund for repayment of bonds	-
Total net debt applicable to limit	-
Legal debt margin	\$ 580,464,148

Notes:

California Government Code, Section 43605, sets the debt limit at 15% of the total assessed valuation of all real personal property within the city.

Source: County of Monterey Auditor-Controller's Office
City of Pacific Grove Finance Department

Concluded

City of Pacific Grove
Pledged-Revenue Coverage
Last Ten Fiscal Years

TABLE 15

	Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016
Wastewater Revenue Bonds ¹ :					
Wastewater charges and other	\$ 2,613,831	\$ 2,905,604	\$ 2,818,010	\$ 2,986,640	\$ 3,208,150
Less: operating expenses	836,933	1,330,068	1,513,448	1,438,459	1,371,609
Net available revenue	1,776,898	1,575,536	1,304,562	1,548,181	1,836,541
Debt service:					
Principal	35,000	35,000	68,847	47,793	50,062
Interest	62,586	55,204	39,394	37,764	36,117
Total	97,586	90,204	108,241	85,557	86,179
Coverage	18.21	17.47	12.05	18.10	21.31
Certificates of Participation					
Golf course charges and other	\$ 2,589,066	\$ 2,545,110	\$ 2,054,168	\$ 406,968	\$ 393,009
Less: operating expenses	2,272,341	1,841,989	1,934,567	485,069	124,775
Net available revenue	316,725	703,121	119,601	(78,101)	268,234
Debt service:					
Principal	75,000	80,000	85,000	-	-
Interest	190,938	187,389	183,426	-	-
Total	265,938	267,389	268,426	-	-
Coverage	1.19	2.63	0.45	-	-

Cont'd

City of Pacific Grove
Pledged-Revenue Coverage
Last Ten Fiscal Years

TABLE 15

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Wastewater Revenue Bonds ¹ :					
Wastewater charges and other	\$ 3,151,928	\$ 3,304,277	\$ 3,536,772	\$ 3,659,651	\$ 3,544,374
Less: operating expenses	1,388,706	1,985,232	1,679,991	2,043,805	1,748,013
Net available revenue	1,763,222	1,319,045	1,856,781	1,615,846	1,796,361
Debt service:					
Principal	53,138	55,233	57,238	59,088	60,914
Interest	34,353	33,021	31,132	29,220	28,687
Total	87,491	88,254	88,370	88,308	89,601
Coverage	20.15	14.95	21.01	18.30	20.05
Certificates of Participation					
Golf course charges and other	\$ 354,856	\$ 334,015	\$ 428,831	\$ 294,320	\$ 377,188
Less: operating expenses	53,142	75,276	141,108	15,728	92,524
Net available revenue	301,714	258,739	287,723	278,592	284,664
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total	-	-	-	-	-
Coverage	-	-	-	-	-

Refunded Series 2001B Wastewater Bonds with Series 2013 Refunding Wastewater Revenue Loan

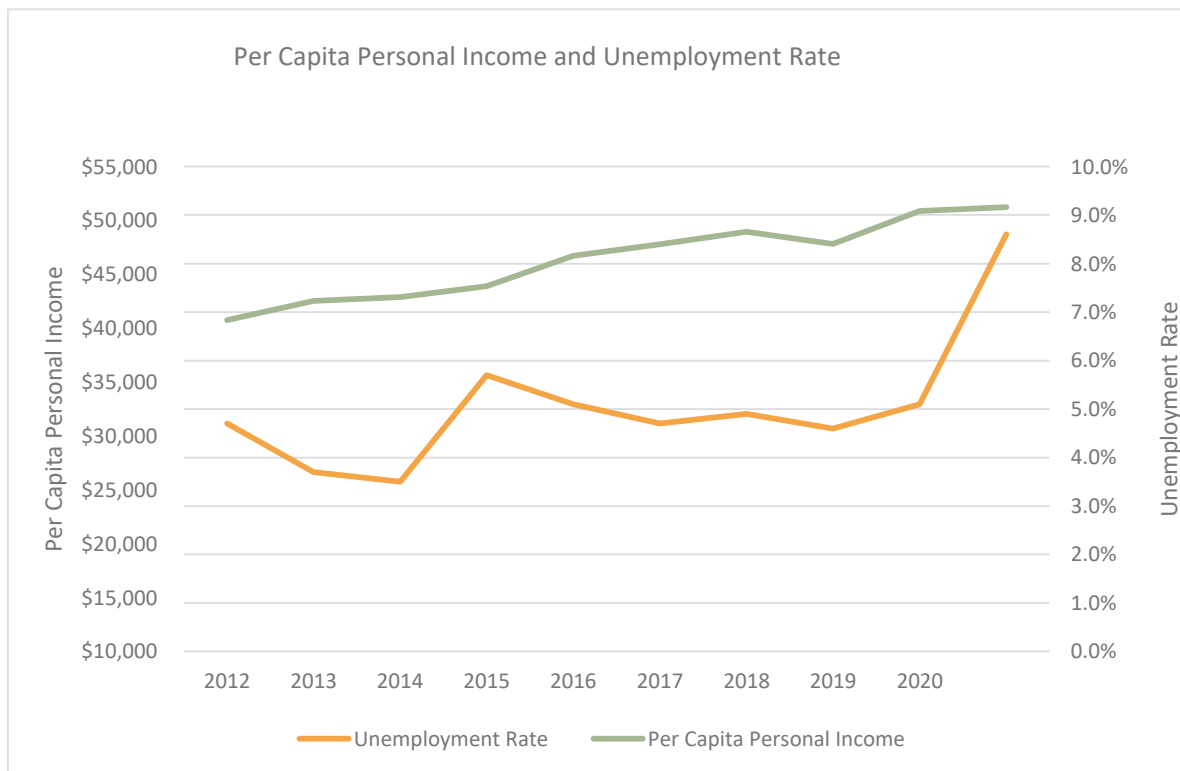
Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

Source: City of Pacific Grove Finance Department Concluded

City of Pacific Grove
Demographic and Economic Statistics
Last Ten Fiscal Years

TABLE 16

Fiscal Year Ended June 30	Population ¹	Unemployment Rate ²	Total Personal Income (In thousands)	Per Capita Personal Income ³	Median Age ⁴	% of Population 25+ with High School Diploma	% of Population 25+ with Bachelor's Degree
2012	15,219	4.7%	\$ 619,885	\$ 40,731	45.8	95.2%	46.0%
2013	15,268	3.7%	\$ 649,562	\$ 42,544	47.4	95.6%	48.0%
2014	15,431	3.5%	\$ 662,082	\$ 42,906	48.8	96.0%	51.2%
2015	15,394	5.7%	\$ 675,827	\$ 43,902	49.3	95.5%	50.4%
2016	15,352	5.1%	\$ 717,389	\$ 46,729	49.3	95.4%	50.0%
2017	15,498	4.7%	\$ 740,117	\$ 47,756	48.8	95.5%	52.0%
2018	15,660	4.9%	\$ 766,209	\$ 48,928	49.0	95.5%	53.3%
2019	15,883	4.6%	\$ 759,116	\$ 47,794	49.0	96.3%	51.3%
2020	15,265	5.1%	\$ 776,384	\$ 50,860	48.5	96.2%	52.7%
2021	15,536	8.6%	\$ 795,868	\$ 51,227	48.9	96.6%	54.3%



Notes:

- A For calendar year ending during the fiscal year.
- B Total Personal Income is presented in thousands.

Source:

- ¹ California Department of Finance and HdL Companies
- ² California Employment Development Department and HdL Companies
- ³ U.S. Department of Commerce, Bureau of Economic Analysis and HdL Companies, for years 2010-2017
- ³ U.S. Census, American Fact Finder for 2009, and HdL Companies
- ⁵ California Board of Equalization and HdL Companies
- ⁵ Sources 1-5, provided by the HdL companies through FY 16/17 - FY 20/21; FY 17/18 data provided by Avenu Insights and Analytics

City of Pacific Grove
Principal Employers
Current Year and Nine Years Ago ⁽¹⁾

TABLE 17

	Fiscal Year Ended June 30					
	2021			2017		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Employer:						
Pacific Grove Unified School District	291	1	3.68%	314	1	3.49%
Canterbury Woods ⁽³⁾	119	2	1.51%	140	3	1.56%
Pacific Grove Convalescent	106	3	1.34%	60	6	0.67%
Forest Hill ⁽⁴⁾	105	4	1.33%	50	8	0.56%
City of Pacific Grove ^(1,2)	96	5	1.21%	110	4	1.22%
Safeway ⁽³⁾	80	6	1.01%	80	5	0.89%
Trader Joe's	75	7	0.95%	54	7	0.60%
Lucky Supermarket ^(3,4)	55	8	0.70%	50	8	0.56%
Asilomar Hotel and Conference Center ⁽⁵⁾	35	9	0.44%	238	2	2.64%
Fishwife at Asilomar Beach	29	10	0.37%	-	-	-
Best Western Inn and Suites of Pacific Grove ⁽⁴⁾	-	-	-	50	8	0.56%
Totals	991		12.54%	1,146		12.73%
Total employment	7,900			9,000		

Notes:

¹ This is the third year that the City is including a statistical section. Due to the small size of the City, employee counts for prior years were not available through a database or third party. Prior year information will be included as the City reports this information in forthcoming years.

² Includes authorized full-time and part-time equivalency positions; and Council members.

³ Includes full-time equivalency and part-time equivalency positions

⁴ The listed employers may have the same number of employees and are ranked equivalent.

Source: Avenu Insights and Analytics, EDD Labor Force Data

Results based on direct correspondence with City's local businesses

City of Pacific Grove
Number of City Employees by Department ⁽¹⁾
Last Ten Fiscal Years

TABLE 18

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Departments:										
General Government ⁽²⁾	12.1	12.5	14.5	14.5	14.5	14.2	16.6	16.2	17.0	16.8
Public Safety	46.3	35.3	34.3	34.0	34.0	36.5	34.3	34.0	34.0	32.5
Public Works	17.0	21.7	22.2	22.0	20.1	19.8	20.5	22.7	23.2	22.8
Recreation ⁽³⁾	12.1	11.6	14.6	14.9	13.7	13.7	13.8	14.3	14.1	3.2
Library ⁽⁴⁾	9.5	9.5	10.0	9.5	11.5	11.5	11.5	11.5	11.0	5.3
Museum	-	-	-	-	-	-	-	-	-	-
Community Development	7.7	7.0	6.5	8.1	7.9	8.2	8.3	10.0	8.5	7.8
Business-type Activities:										
Cemetery	1.5	1.5	1.5	1.5	1.5	1.5	2.1	2.1	2.0	2.0
Sewer	5.6	5.8	6.1	6.0	4.3	4.8	5.1	5.2	5.2	5.1
Golf Course ⁽⁵⁾	21.5	18.9	17.6	-	-	-	-	-	-	-
Total	133.2	123.7	127.2	110.4	107.3	110.0	112.2	115.9	115.0	95.5



Notes:

- 1 Reflects the authorized positions in each budget year. This number includes both regular and part-time staff.
- 2 Includes 3.5 FTE's for Council Members and Mayor.
- 3,4 The Recreation and Library Departments' on-call and seasonal staff were previously monitored by FTE. To assist with staffing flexibility and provide greater accuracy in reporting, these employees were removed from the City's regular position/employee count. These positions are now controlled by a single line item within the budget. This transition decreased the Recreation and Library counts for reporting purposes by approximately 11 and 4.8 FTE's, respectively.
- 5 In Fiscal Year 2014/15, the operation of the municipal golf course was transitioned to a contract services model.

Source: City of Pacific Grove Budget Document

City of Pacific Grove
Operating Indicators By Function
Last Ten Fiscal Years

TABLE 19

	For Fiscal Year Ended June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function:										
Police										
Calls for service	16,084	15,407	16,080	17,627	21,521	15,359	18,032	20,350	18,902	15,875
Fire										
Calls for service	1,400	1,314	1,379	1,584	1,764	1,604	1,694	1,877	1,740	1,772
Inspections	1,055	518	117	177	182	484	703	1,006	197	62
Recreation										
Park & facility rentals	308	297	308	318	328	348	299	273	645	90
Paid special events ⁽¹⁾	10	10	19	14	16	18	18	18	24	-
Recreation program participants ⁽¹⁾	-	-	-	-	-	-	-	-	667	414
Public Works										
Potholes patched	725	750	700	725	600	650	350	650	450	200
Work orders completed ⁽²⁾	-	393	253	406	594	620	630	1,606	1,216	1,198
Lightbulb replacements ⁽³⁾	177	58	74	48	12	5	-	-	-	-
Street light repairs	10	8	13	14	4	4	16	13	10	20
Tree Permits Issued	94	130	159	96	329	354	457	508	434	363
Library										
Circulation of library materials	239,820	253,770	259,252	283,462	291,751	289,458	288,386	327,957	188,000	84,185
Reference questions	23,499	24,225	24,225	25,294	28,779	25,629	21,468	14,501	19,336	4,859
Community Development										
Building Permits	278	427	350	525	576	429	429	520	1,095	1,203
Architectural Approvals	78	63	56	59	53	31	55	78	50	41
Other planning approvals	180	209	323	416	448	395	395	530	329	222

Notes:

- (1) Prior to Fiscal Year 19/20, the City's software tracked paid special events and only single permitted reservations. Regular facility use by community groups was not reported. In Fiscal Year 19/20, the City implemented a new software program that provides statistics on both paid and non-profit special events; single and recurring park and facility usage; and the number of class participants.
- (2) The City's first full year of using a work order system began in 2013 with administrative staff entering work orders. In Fiscal Year 2019, a greater emphasis was placed on tracking activities; and all maintenance staff began entering information into the work order system.
- (3) Tracking the number of lightbulb replacements has been discontinued due to the installation of LED Lighting, with limited replacements.
- (4) Due to COVID-19 restrictions, some operating indicators related to Recreation, Library, and Special Events were limited or had no activity.

Source: City of Pacific Grove Finance Department

City of Pacific Grove
Capital Asset Statistics By Function
Last Ten Fiscal Years

TABLE 20

	For Fiscal Year Ended June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function:										
General Government										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Parking meters	101	101	101	101	101	101	101	101	101	101
Fire stations	1	1	1	1	1	1	1	1	1	1
Hyperbaric chamber	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of paved streets	55	55	55	55	55	55	55	55	55	55
Parking lots	7	7	7	7	7	7	7	7	7	7
Street lights	699	699	699	699	699	699	699	699	699	699
Fleet Vehicles (City-wide)	120	120	121	121	123	121	93	95	95	95
Recreation										
Parks	19	19	19	19	19	19	19	19	19	19
Playgrounds	4	4	4	4	4	4	4	4	4	4
Community centers / facilities	4	4	4	4	4	4	4	4	4	4
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	5	5	5	5	5	5	5	5	5	5
Historic lighthouse	1	1	1	1	1	1	1	1	1	1
Library										
Library facilities	1	1	1	1	1	1	1	1	1	1
Museum										
Museum facilities	1	1	1	1	1	1	1	1	1	1
Cemetery										
Cemetery facilities	1	1	1	1	1	1	1	1	1	1
Sewer										
Miles of sanitary sewers	58	58	58	58	58	58	58	58	58	58
Miles of storm drains	332	332	332	332	332	332	332	332	332	332
Golf Course										
Number of courses	1	1	1	1	1	1	1	1	1	1

Source: City of Pacific Grove Departments



OTHER INDEPENDENT AUDITOR'S REPORTS



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
City of Pacific Grove

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Pacific Grove (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not



Chavan and Associates, LLP

Certified Public Accountants

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

December 31, 2021
San Jose, California